

postmasters who serve until the regular appointment is made should be left to the best judgment of the Department. There would be no objections to providing that acting postmasters should serve not to exceed 6 months from the date of such designation so as to insure that the regular appointment would be made without unnecessary delay. Provision should be made that the time could be extended beyond 6 months with the permission of the Civil Service Commission, in order that there may be time to work out difficult cases and establish eligible registers, if necessary.

S. 49 is similar to H. R. 1531 in that it provides for the extension of the classified civil service to Presidential postmasters.

Section 2 provides that appointments at offices of the first and second class shall be made by the promotion of an employee in the vacancy office or the reappointment of the incumbent postmaster, if there be one, provided such employee or the incumbent postmaster is found to be qualified through noncompetitive examination. This section also provides (lines 6 to 12, p. 2) that the Postmaster General must certify to the Civil Service Commission that no employee in the vacancy office is qualified and that the incumbent postmaster is not qualified before an open competitive examination can be requested. The Department could not approve of this provision for the reason that it would not be practicable or in the interest of the service to require that the Postmaster General make such certification.

Section 2 (b) relates to the appointment of postmasters at third-class offices and provides for the reappointment of the incumbent postmaster, if there be one, through noncompetitive examination or the selection from an eligible register established by the Civil Service Commission through open competitive examination. No provision is made for consideration of a classified employee. The clerks in third-class post offices have no civil-service status; however, a number of rural routes are attached to third-class offices, and there would be no good reason for failure to recognize and consider rural carriers. There is no valid reason for making any different provisions at third-class offices than are made for first-class.

Any legislation extending the classified civil service to Presidential postmasters should provide, in connection with appointments due to vacancies through death, resignation, retirement, removal for cause, or expiration of term, for the filling of the vacancy by the Postmaster General by either of the following methods:

1. By the reappointment of the incumbent, if there be one, through noncompetitive examination.
2. By the promotion of a classified employee in the vacancy office through noncompetitive examination.
3. By the selection from an eligible register established by the Civil Service Commission in accordance with the Civil Service Act and rules. The selection from an eligible register in accordance with the Civil Service Act and rules should be made in the same manner as governs selections from eligible registers in filling all other civil-service positions.

Sincerely yours,

(Signed) JAMES A. FARLEY,
Postmaster General.

EXHIBIT A

[S. 3022, 75th Cong., 2d Sess.]

A bill to amend the law relating to appointment of postmasters

Be it enacted, etc., That section 6 of the act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1877, and for other purposes," approved July 12, 1876, as amended (U. S. C., 1934 ed., title 39, sec. 31), is hereby amended to read as follows:

Sec. 6. Postmasters of first, second, third, and fourth classes shall hereafter be appointed without term in accordance with the provisions of the act entitled "An act to regulate and improve the civil service of the United States," approved January 16, 1883: *Provided*, That in the cases of postmasters of the first, second, and third classes, the appointment shall be made by the President, by and with the advice and consent of the Senate: *Provided further*, That in the case of postoffices of the fourth class, postmasters shall be appointed and may be removed by the Postmaster General, by whom all appointments and removals shall be notified to the General Accounting Office: *Provided further*, That whenever a vacancy occurs in the office of postmaster of the first, second, or third class as the result of (1) death, (2) resignation, (3) removal, (4) retirement, or (5) expiration of term of the present incumbent, the Postmaster General may recommend to the President the appointment of the incumbent, if there be one, or the appointment by promotion of a classified-civil-service employee in the Postal Service in the vacancy office, and the President may appoint the person so recommended.

JOSEPH C. O'MAHONEY,
M. M. LOGAN,
ROBERT M. LA FOLLETTE, JR.

VIEWS OF MR. BRIDGES

[To accompany S. 3022]

The Senate Committee on Post Offices and Post Roads has for the past 2 weeks been considering a bill to amend an act of Congress which was approved June 12, 1876, as amended (U. S. C., 1934 ed., title 39, sec. 31), having to do with the methods of appointment of postmasters of the first, second, and third classes. This amending bill introduced by Senator McKellar will again

saddle the Post Office Department with the spoils system. It is merely a perpetuation of the patronage method and the spoils system at its worst. Its purpose is to cover all the present incumbent postmasters of the first, second, and third classes and give full opportunity for their reappointment regardless of merit.

The passage of this bill will put a premium on politics to the detriment of the Postal Service. It will mean the change of postmasters with every change of administration, with a great confusion and a great expense to the Post Office Department and to the taxpayer. It may impair the service in each community and the Postal Service as a whole.

Its enactment would be a direct repudiation of the platforms of both major political parties and in bold defiance of public opinion. Its enactment would be a direct contradiction to the desires of President Roosevelt as expressed by his statements concerning the merit system, to wit:

"1. The merit system in civil service is in no danger at my hands; but on the contrary I hope it will be extended and improved during my term as President.

"2. It matters not what political party is in power by the elective will of the people, Government functions for all, and there can be no question of greater moment or broader effect than the maintenance, strengthening, and extension of the merit system established in the competitive principles of the Civil Service Act * * *"

Its enactment would completely nullify the Executive order of July 20, 1936 (No. 7421), relating to the appointment of postmasters to post offices of the first, second, and third classes.

Although it is believed that the present system of selection of postmasters is inadequate as a permanent measure, this system is better than that which would result from foisting on the public more spoils system, which passage of the McKellar bill would insure.

This minority believes a measure should be enacted to provide for the appointment or promotion of classified civil-service employees in the Postal Service to the office of postmaster; or that such office shall be filled as the result of an open competitive civil-service examination in which the person receiving the highest mark shall be appointed unless the President or Postmaster General shall certify to Congress some reason for the failure of said appointment. In this way this minority of your committee believes the reforms sought may be attained.

Let us defend the civil service and the merit system from further encroachment by political spoilsmen.

H. STYLES BRIDGES.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 2 o'clock and 21 minutes p. m.) the Senate took a recess until Monday, December 6, 1937, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 4 (legislative day of November 16), 1937

POSTMASTERS

KANSAS

Dorothy H. Claassen, Bethel College.

MINNESOTA

Cora E. Cook, Chandler.
Nettie A. Terrell, Elysian.
Anna E. Smith, Foreston.
George E. Roche, Garfield.
Robert R. Green, Medford.
Claire M. Peterson, Stanchfield.
Lura V. Frahm, Triumph.

TENNESSEE

Charles L. Wells, Byrdstown.
William H. Fox, Graysville.
Roy B. King, Madison College.
Leonard F. Robnette, Mosheim.
John Crittenden Pope, Springfield.
James K. St. Clair, White Bluff.

SENATE

MONDAY, DECEMBER 6, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calen-

dar day Saturday, December 4, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Radcliffe
Andrews	Donahay	Lee	Russell
Ashurst	Duffy	Lewis	Schwartz
Austin	Ellender	Logan	Schwellenbach
Bailey	Frazier	Loneragan	Sheppard
Bankhead	George	Lundeen	Shipstead
Barkley	Gerry	McAdoo	Smith
Billbo	Gibson	McGill	Steiwer
Borah	Gillette	McKellar	Thomas, Okla.
Brown, Mich.	Glass	McNary	Thomas, Utah
Brown, N. H.	Graves	Miller	Townsend
Bulkley	Green	Minton	Truman
Bulow	Guffey	Murray	Tydings
Burke	Harrison	Neely	Vandenberg
Byrd	Hatch	Norris	Van Nuys
Byrnes	Hayden	Nye	Wagner
Capper	Herring	O'Mahoney	Walsh
Caraway	Hitchcock	Overton	White
Chavez	Johnson, Calif.	Pepper	
Clark	Johnson, Colo.	Pittman	
Copeland	King	Pope	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE], the Senator from Texas [Mr. CONNALLY], the Senator from West Virginia [Mr. HOLT], the Senator from Delaware [Mr. HUGHES], and the Senator from North Carolina [Mr. REYNOLDS] are absent from the Senate because of illness.

The junior Senator from New Jersey [Mr. SMATHERS] is absent because of illness in his family.

The Senator from Tennessee [Mr. BERRY], the Senator from Illinois [Mr. DIETERICH], the senior Senator from New Jersey [Mr. MOORE], the Senator from Connecticut [Mr. MALONEY], and the Senator from Nevada [Mr. MCCARRAN], are unavoidably detained.

Mr. AUSTIN. I announce that the Senator from Massachusetts [Mr. LODGE] is absent on official business.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

FORTIETH ANNIVERSARY OF SECRETARY HALSEY'S CONNECTION WITH SENATE

Mr. BARKLEY. Mr. President, 40 years ago today there came into the Senate as a page a young boy from the State of Virginia under appointment of his uncle, then United States Senator from that State, the Honorable John W. Daniel. During that 40 years he has remained a part of the Senate organization. He has advanced from page, step by step, because of his efficiency, his loyalty, the outstanding charm of his personality, and the recognition, regardless of party, of his qualifications and his qualities as a public servant, until today he is the honored Secretary of the Senate. I wish on this fortieth anniversary of his entry upon service here in the Senate not only to felicitate him upon his record but also to felicitate and congratulate the Senate in keeping in its service a man who has grown up in it, who has become a part of it, and who, not only to us as individual Senators but to the Senate as a body and to the country has rendered outstanding and efficient service of the highest character.

I should not want this day to go by without calling attention to the fact that Mr. Edwin A. Halsey, our efficient Secretary, today celebrates his fortieth anniversary as a servant and an employee of the United States Senate. I wish for him long life, prosperity, and happiness, and that even higher honors may await him in the service of the Senate and of the country.

Mr. McNARY. Mr. President, the service rendered by Colonel Halsey is unusual in its length. It has been characterized by faithfulness and capacity, a public service well rendered. I join the Democratic leader, as the Republican Senators join me, in wishing Colonel Halsey many more years of good health and that he may continue to serve the Senate in some worthy capacity for many, many years.

Mr. VANDENBERG. Mr. President, I have a particularly intimate and friendly feeling for Colonel Halsey. Forty years' service in any field of endeavor is an epic. Forty years of service in the Senate is not only an epic but an achievement in resistance and endurance. Colonel Halsey is one of the most affable, industrious, able servants I have seen in the public service. He is loyally partisan in politics and loyally unpartisan in service to every Senator on the floor. I join in these felicitations and express the hope that Colonel Halsey's life begins at 40.

Mr. ASHURST. Mr. President, after the felicitous and gracious addresses that have been delivered, mine must be a poor contribution. In cooking a dinner, in constructing a temple, in winning a battle, no matter what is to be done, someone must do the irksome, laborious, the difficult, and sometimes the unlovely work—the spade work. For many years it was Colonel Halsey's lot to perform the laborious, tedious, unnoticed tasks here.

When he was promoted to high place, in addition to performing daily his regular and particular duties, he has done that which will interest and enlighten those who come after us in future days. Colonel Halsey, who has a flair for history, has rescued from obscurity and decay many documents that are poignant and priceless memorials of the early days of our Government; he has had them photographed and placed at the disposal of historians. Some of these documents are of tremendous importance.

I remember, when, 13 years ago, it became necessary for Senators to make a technical investigation in the field of a great project the Committee on Irrigation and Reclamation, of which the able and genial Senator from Oregon [Mr. McNARY] was then chairman, considered who should be in charge of that committee and who should have authority as a sort of generalissimo for the committee, the able Senator from Oregon chose Colonel Halsey for such duty, and the Senator's judgment was vindicated.

Mr. SHEPPARD. Mr. President, I want to express my cordial agreement with what has been said of Colonel Halsey. The Senate has never had a more courteous and faithful, nor a more capable official. He holds the admiration and the confidence of the entire Senate.

Mr. PITTMAN. Mr. President, when I arrived in this body 25 years ago Mr. Halsey was quite a young man. He was at that time assistant on the Democratic side to Mr. Keller, who had been here a great many years. I have had occasion, of course, during that time to become intimately acquainted with Mr. Halsey, as has every Member of this body during his service. I consider him a very remarkable man. I do not know the exact date when he came into the service of the Senate, but it was 15 years before I came here. During that time he has earned his promotions. It is true that he came from a splendid family in Virginia and was aided in his early history by Virginians, but the honors that have come to him are due to his own merit, and earned through his courtesy, his industry, and his ability.

Not only in this body has he rendered great service but as a partisan Democrat he has served his party through every great convention within my memory, at first in minor capacities, later as sergeant at arms of those great conventions. He has served with the same industry and impartiality. He is known today throughout the country.

I have no doubt I shall be sustained by every member of the Republican Party and other parties in this body when I state that, notwithstanding his frank partisanship to the Democratic Party, he has always been courteous and impartial in his conduct in any service to other Members of this body. This, for a partisan, is sometimes very difficult. I recognize not only his courtesy but I fully realize his great ability, his great adaptability. Any Senator in this body who desires any information can obtain it more expeditiously and accurately through the Secretary of the Senate than through any other source I know of.

For all these reasons I am very happy to join in the felicitations to Colonel Halsey on this occasion.

REPORT OF DAUGHTERS OF THE AMERICAN REVOLUTION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Smithsonian Institution, transmitting, pursuant to law, the annual report of the National Society of the Daughters of the American Revolution for the year ended April 1, 1937, which, with the accompanying report, was referred to the Committee on Printing.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by Local No. 114, United Retail Shoe Employees, of Philadelphia, Pa., favoring the enactment of the wages and hours bill, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Public Affairs Association of the Santa Monica Bay District, Calif., favoring the prompt enactment of the so-called Wagner-Van Nuys antilynching bill, which was ordered to lie on the table.

He also presented a resolution adopted at a recent meeting of the Filomat Society, Buffalo, N. Y., protesting against the enactment of crop-control legislation on the ground that such control plan might result in serious food shortage, which was ordered to lie on the table.

Mr. VANDENBERG presented a petition of sundry citizens of Pinconning, Mich., favoring the adoption of the so-called Ludlow resolution, being the joint resolution (H. J. Res. 199) proposing an amendment to the Constitution of the United States providing for a referendum on war, which was referred to the Committee on the Judiciary.

Mr. GILLETTE presented resolutions adopted by the annual meeting of the Cherokee County Farm Bureau and a mass meeting held at Sioux Center, in the State of Iowa, favoring the enactment of legislation providing agricultural relief, which were ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the convention of the Societies of Christian Endeavor, New York City, N. Y., endorsing the principle embodied in proposed amendments to the Constitution whereby the people may decide by referendum as to whether the cause for which the Nation may go to war is worth the cost, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Olean (N. Y.) Council for Peace Action, protesting against the enactment of the bill (S. 25) to prevent profiteering in time of war and to equalize the burdens of war and thus provide for the national defense and promote peace, and favoring enforcement of the terms of existing peace treaties as the basis for international peace, which were referred to the Committee on Finance.

He also presented a memorial of sundry citizens of Brooklyn and vicinity, in the State of New York, remonstrating against the enactment of legislation which might in any way increase taxes on foods so as to result in higher food prices, which was referred to the Committee on Finance.

He also presented the petition of members of the Harlem Industrial Workers, New York City, N. Y., praying for the enactment of House bill 1507, the so-called antilynching bill, which was ordered to lie on the table.

He also presented memorials of Eden Grange, No. 1199; Orange County Pomona Grange; and Seeber's Lane Grange, No. 1193, of Canajoharie, all of the Patrons of Husbandry, in the State of New York, remonstrating against the enactment of pending wage and hour legislation, which were ordered to lie on the table.

REPORT OF COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. SMITH. From the Committee on Agriculture and Forestry I report back, without amendment, the bill (S. 3043) to provide for loans to farmers for crop production and harvesting during the year 1938, and for other purposes, and I submit a report (No. 1297) thereon. This morning the committee was unanimous in recommending the passage of this so-called seed-loan bill.

The VICE PRESIDENT. Without objection, the report will be received and the bill will be placed on the calendar.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAPPER:

A bill (S. 3097) for the relief of Elijah Wallace (with accompanying papers); to the Committee on Interstate Commerce.

A bill (S. 3098) to provide for uniform regulation of marriage and divorce; to the Committee on the Judiciary.

By Mr. HARRISON:

A bill (S. 3099) for the relief of Forrest H. Overstreet; to the Committee on Military Affairs.

By Mr. CAPPER:

A joint resolution (S. J. Res. 234) proposing an amendment to the Constitution of the United States relative to marriage and divorce laws; to the Committee on the Judiciary.

By Mr. SHEPPARD:

A joint resolution (S. J. Res. 235) providing for adjustment of the civil-service retirement annuity of George E. Richards; to the Committee on Civil Service.

AGRICULTURAL RELIEF—AMENDMENTS

Mr. HATCH, Mr. BANKHEAD, Mr. OVERTON, and Mr. BAILEY (by request) each submitted an amendment, Mr. JOHNSON of California (for himself and Mr. McAdoo) submitted an amendment, and Mr. CLARK submitted two amendments intended to be proposed by them to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which were severally ordered to lie on the table and to be printed.

LOUD-SPEAKING SYSTEM FOR SENATE CHAMBER

Mr. BILBO. Mr. President, I ask unanimous consent to submit a resolution for appropriate reference, and also request that it be printed in the RECORD.

There being no objection, the resolution (S. Res. 206) was received and referred to the Committee on Rules, as follows:

Whereas it is evident to every Member of the Senate, as well as to all visitors to the Senate galleries, that the acoustic properties of the Senate Chamber are very poor and unsatisfactory; and

Whereas it is the ardent wish and desire of every Member of the Senate, as well as visitors to the galleries, to hear and understand every statement and speech made by Members of the Senate; and

Whereas the recent developments of loud-speaking instruments are so thoroughly improved and perfected that they can be installed upon the top or side of each Senator's desk without obstruction and inconvenience, making it possible for every Senator to be heard in all parts of the Senate Chamber and galleries as well when speaking from his desk; and

Whereas it is necessary for Senators in the rear of the Senate Chamber to leave their seats and occupy, or attempt to occupy, the seats of other Senators at the front and near the President's chair, if they hear or understand anything that is said and done, and, in doing this, it is not only embarrassing to the intruder, or trespasser, but it is exceedingly annoying to the older Members of the Senate who, by right of seniority, occupy these seats of advantage; and

Whereas if it were possible for each and every Member of the Senate to hear everything that is said and done on the floor of the Senate, it would bring about a more satisfactory and expeditious transaction of the business of the Senate; and

Whereas the Senate Rules Committee has the power, right, and authority to direct the installation of a loud-speaking system in the Senate: Now, therefore, be it

Resolved, That the Rules Committee be respectfully requested and urged to give favorable consideration to the proposition of directing the Sergeant at Arms to install a loud-speaker system in the Senate Chamber before the convening of the third session of the Seventy-fifth Congress.

LEADERSHIP OF REPUBLICAN PARTY—LETTER FROM GOVERNOR OF VERMONT

[Mr. GIBSON asked and obtained leave to have printed in the RECORD a letter written by Hon. George D. Aiken, the Governor of Vermont, to the Republican National Committee concerning the leadership of the Republican Party, etc., which appears in the Appendix.]

FIFTH ANNIVERSARY OF FIRST ELECTION OF PRESIDENT ROOSEVELT—ADDRESS BY HON. JAMES A. FARLEY

[Mr. PEPPER asked and obtained leave to have printed in the RECORD a radio address by Hon. James A. Farley delivered

on November 9 to the Young Democratic Clubs of America dinner gatherings throughout the country in celebration of the fifth anniversary of the election of Franklin D. Roosevelt to the Presidency, which appears in the Appendix.]

HOW THE TARIFF HURTS THE FARMER—EDITORIAL FROM MEMPHIS COMMERCIAL APPEAL

[Mr. CLARK asked and obtained leave to have printed in the RECORD an editorial entitled "How the Tariff Hurts the Farmer," from the Memphis Commercial Appeal, which appears in the Appendix.]

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. BORAH. Mr. President, before the Senator from North Dakota proceeds will he yield to me?

Mr. FRAZIER. Certainly.

Mr. BORAH. I have a pamphlet on the farm problem written by William Hirth, president of the Missouri Farmers' Association, and editor and publisher of the Missouri Farmer. The pamphlet is too long to be inserted in the RECORD, but I ask permission to have printed in the RECORD as a part of my remarks several paragraphs which seem to me more particularly pertinent.

There being no objection, the excerpts referred to were ordered to be printed in the RECORD, as follows:

If Congress will treat the farmer as it has treated industry and labor—if it will make the tariff work to assure our farmers a price on those of their products that are consumed in our home markets that will give them a fair return for their labor as nearly as the whims of Nature permit, and upon their capital invested in their farm plants—from the hour that such an adjustment of the tariff is made, and farmers are aided in segregating their surpluses so that fair home-market prices can be maintained, the so-called farm problem will begin to fade out of our national picture, and Congress will no longer need to bother its head about it. Also, the farm-tenant problem will begin to disappear like mists before the rising sun; for, once farmers have an income that will enable them to make payments on a farm home from time to time, they will soon cease to be tenants and become owners instead. And, failing to give the tenants of today such an income, all the surveys and fine-spun theories about resettlement and rehabilitation, etc., will be what John J. Ingalls, of Kansas, called an "iridescent dream"—unless farmers are placed in position to have something left over for their arduous toil at the end of an average year the time is not far distant when 75 percent of our farms instead of 50 percent will be in the hands of tenants, and in proof we need only contemplate the rate at which tenancy has increased during recent years.

DETERMINING HOME-MARKET NEEDS

How would we determine the probable production of the various crops included under protected home-market prices?

As crops of corn, wheat, cotton, tobacco, potatoes, rice, etc., approach maturity, the Secretary of Agriculture should be directed to ascertain the probable yield of each crop and the amount necessary for domestic consumption, and then any surplus should be segregated under Government seal in the manner suggested. In estimating the amount needed for domestic consumption the Secretary should always err on the side of conservatism in order that the home markets will not be oversupplied and then release whatever of the surplus may be needed later on. The United States Department of Agriculture has long maintained a Nation-wide crop-reporting service, and thus this machinery is already in existence.

"SHOT IN THE ARM" RELIEF

Meanwhile, if the proposed new farm bill should increase farm prices to the extent of the subsidies either by taking it out of the Treasury, or by making it up out of new taxes, would this even remotely solve the farm problem? This is too absurd to discuss, for was not our gross farm income during the Hoover years sharply above \$11,000,000,000, and was not the farmer on a rapidly sinking ship at that time? When our gross farm income this year will be at least \$2,000,000,000 under that of the Hoover years, will an additional billion dollars or so be anything more than another shot in the arm?

PRODUCTION CONTROL UNSOUND

Is production control a sound national policy?

In the opinion of the writer it is not only not sound but, as recent crop failures have demonstrated, it is extremely dangerous, and in this connection it is interesting to recall that in 1932 the Democratic national platform declared for the control of farm surpluses, while the Republican platform declared for the control of production, and yet hardly had Secretary Wallace gotten

his seat warm in Washington when he forgot all about the pledge the President had made to the farmers in the 1932 campaign, and boldly appropriated the Republican doctrine. We Democrats had made all manner of sport of Arthur M. Hyde, of Missouri, when, as Secretary of Agriculture under Hoover, he proposed that every third row of cotton be plowed under, but following the leadership of Mr. Wallace not only did we compel the bewildered mules of the Southland to plow under cotton, but we "massacred" trainloads of little pigs besides.

That top-heavy surpluses should be guarded against, everybody will agree, but, as I have said, have not the crop failures of the last 3 years demonstrated that an attempt to adjust production to the domestic demand is not only impractical but an exceedingly dangerous policy? Granting that unwieldy surpluses are undesirable, was not the importation of \$1,538,000,000 worth of farm commodities during the last 12 months vastly more so? And this in the greatest food-producing Nation in the world. Because a given acreage will produce a surplus one year and a famine the next, this shows that while surpluses should be kept within bounds, on the other hand, we should always endeavor to produce enough food, fiber, and other farm staples so we will not be compelled to resort to imports, and then so segregate these surpluses that they will not demoralize fair home-market prices.

AS TO OUR HOME MARKETS

Should the American market belong to the American farmer?

In view of the fact that for many years we have fenced in the home markets for our manufacturers by means of the protective tariff, and have constantly tightened up our immigration laws for the benefit of our workers, the mere asking of this question is absurd, and yet when during the last 12 months we have imported \$1,538,000,000 worth of foreign farm commodities, \$866,000,000 of which were directly competitive to our farmers, this question not only becomes extremely pertinent, but presents a grave situation which deserves the immediate attention of Congress. That because of recent crop failures the importation of a certain amount of corn, oats, meat products, etc., was permissible may be true, but instead of enforcing "crop control" at such a time, should not farmers be encouraged to fill up their cribs, bins, and feed lots to the end that in times to come our consumers may have the assurance of plenty at fair prices, and in pursuing this goal, will not our farmers have the right to demand that the home markets shall belong to them, and to them alone?

That Secretary Wallace should be lying awake at night for fear that we will produce too much at a time when we are importing shiploads of food, is not this a situation that Eddie Cantor or Amos 'n' Andy should be asked to figure out? However, when one contemplates certain recent expressions of the Secretary, his attitude in these premises becomes more clear. In addressing the American Farm Bureau Federation at Pasadena, Calif., in December of last year he was quoted as saying: "In the cause of peace the farmers of the United States must say 'Yes' as often as possible to agricultural imports from Pan America, while at the same time reserving the right to say 'No' when any vital branch of agriculture is likely to be menaced by too great imports," and is not this new doctrine most astounding? What branch of agriculture has not been utterly prostrate since the World War, and when has "peace" between the United States and Pan America or any other country become either so strained or important that the American farmer should be offered up as a sacrifice upon its altar?

OUR STAGGERING FARM IMPORTS

That peace with Pan America and the rest of the world is overwhelmingly desirable no one will deny, but is it desirable enough to permit the peon farmers of South America or the peasant farmers of Europe to appropriate or even seriously invade the American farm market? In his book, *Why Quit Our Own*, George N. Peek charges that our farmers are getting the hot end of the poker through the trade agreements that have been perfected during the last year or so between the United States and Canada and other countries, and it is high time that Congress found out exactly what is happening in this respect. A reciprocal treaty should always be a good horse trade for the United States, or we shouldn't enter into it, and often this can result for both nations that are parties to the deal—certainly no treaty of this kind should be permitted to do serious injury to agriculture, labor, or industry upon which the welfare of America's millions depends. I have no patience with the so-called favored-nation clause by which other nations automatically take advantage of the concessions we make to nations with which we perfect trade agreements, and this without these nations making the slightest concession to us; in my opinion we should deal separately with each nation, and enter into trade agreements only when we can expand our exports on those things of which we produce a surplus, and when the commodities we receive in return will not do injury to the production of similar commodities within the United States. In these premises I am not in favor of sacrificing our farmers for the benefit of our manufacturers, or vice versa. Speaking of farm imports, if I have correctly analyzed the figures of the Bureau of Agricultural Economics, from July 1, 1933, to June 30, 1937, we have imported 1,187,000 head of cattle, 298,121,000 pounds of beef and veal, 125,325,000 pounds of pork products, 200,000 pounds of lamb and mutton, 131,168,000 bushels of wheat, 129,929,000 bushels of corn, and 16,011,000 bushels of oats, and also from 1934 to December 1, 1937, we imported 33,802,000 pounds of butter, and this, as I have said, in the greatest food-producing Nation in the world!

UNCLE SAM AN "EASY MARK"

Ever since the World War we have bewailed the loss of our erst-while farm export markets, but if now in addition our farmers are to lose their great home markets, which are a hundredfold more important, then God help them. As I write, hog prices are tumbling, and one reason is that we are importing around 1,000,000 pounds of pork products per week. In my opinion, the favored-nation clause should be abrogated and the Senate given the power to ratify all trade agreements. On the one hand we are limiting production of farm commodities here in the United States, while on the other the peasant and peon farmers of South America and Europe are making a delightful playhouse of our home markets, and to me this situation is too stupid for words. A recent editorial in the Saturday Evening Post states that in 1936 we imported 1,000,000 pairs of shoes from Czechoslovakia, and predicts that during 1937 this Nation will import 3,000,000 pairs, and this at a time when we have millions of idle workers and when Congress is asked to pass the Black-Connery bill to increase employment. While the good neighbor-policy is fine in theory, can we afford to rush pell-mell in the direction of free trade when our production costs are perhaps higher than those of any other nation, and when the rest of the world has turned nationalistic? In my opinion, when we approach a trade agreement with another nation we should say frankly, "We will scratch your back if you scratch ours"; and if this be a degrading ideal, let those who will make the most of it, for charity begins at home. Furthermore, if our Democratic leaders don't want to encounter a rural cyclone in coming elections they will lose no time in finding out how the trade agreements and the favored-nation clause are coming out in the wash, and Senator CAPPER's article in the November 15 issue of the Saturday Evening Post shows how the wind is blowing in this respect.

GREATER CONSUMING POWER

In the book, America's Capacity to Produce, published some months ago by the Brookings Institution, it is pointed out that in 1929 we had 16,000,000 nonfarm families (or 59 percent of all the families in the Nation) who received an annual income of less than \$3,000. The above families consisted predominately of wage earners and are divided into four groups whose yearly incomes average \$800, \$1,300, \$1,800, and \$2,700, respectively; those in the \$2,700 group spent from \$715 to \$932 for food, while those in the \$800 group spent only from \$346 to \$382; the \$2,700 group spent from \$270 to \$550 for clothing and shoes, while the \$800 group spent only from \$53 to \$125; the \$2,700 group spent from \$508 to \$871 for shelter and home maintenance, while the \$800 group spent only from \$192 to \$412; the \$2,700 group spent from \$454 to \$1,030 for "other living," while the \$800 group spent \$83 to \$101; or, to put it in another way, the \$2,700 group spent more than twice as much for food, more than twice as much for shelter and home maintenance, three times as much for clothing and shoes, and seven times as much for "other living" as the \$800 group.

The wealthy and well-to-do families with an annual income of over \$10,000, and unattached individuals with incomes of over \$5,000, constituted only 2.4 percent of the families and unattached individuals in the Nation, but accounted for 6 percent of the total spent for food, 19 percent of the total spent for shelter and home maintenance, 16 percent of the total spent for clothing and shoes, and 33 percent of the total spent for "other living."

After citing the above and much other interesting data the Brookings Institution statisticians go on to say that if the annual income of the 19.4 million families which is now below \$2,500 were raised to this level, the annual expenditure for food would be increased from ten to fourteen billion dollars, or 40 percent; for shelter and home maintenance, from seven to eleven billion dollars, or 65 percent; for other consumers' goods and services, from less than five to nearly ten billion dollars, or 115 percent, and adding these various amounts would enable the above families to spend more than \$16,000,000,000 more annually for food and other comforts and necessities than they are spending at the present time and therefore is not greater consuming power our greatest national problem?

According to the Bureau of Home Economics of the United States Department of Agriculture, our various groups are now existing on a restricted or emergency diet, an adequate diet at a minimum cost, an adequate diet at a moderate cost, and a liberal diet, and living in the greatest food producing and manufacturing nation in the world. Should it not be our goal to provide all our groups as nearly as possible with a liberal diet? Well, if we should ever succeed in doing this, then according to the Government's own statisticians we would increase the annual consumption of goods and services from 70 to 80 percent, and, instead of making war on food production when millions of our people are compelled to exist on an emergency diet, or a minimum diet, should we not approach this situation from the foregoing angle? The great problem in the United States today is not to produce less of the things that contribute to human happiness, but to so increase the purchasing power of the millions on the farm, and the millions who toil in our shops, mills, and factories, that they will be able to buy more of these things, and if we should ever reach this goal in even a measurable degree, it will not be a question of struggling with surpluses (except possibly on cotton), but of greatly expanding farm and industrial production.

Mr. VANDENBERG. Mr. President, will the Senator from North Dakota yield to me?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. FRAZIER. Certainly.

Mr. VANDENBERG. Recently I issued a brief statement to the Michigan press regarding the pending farm bill. I ask permission to have the statement printed in the RECORD as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT REGARDING FARM BILL BY SENATOR VANDENBERG

I am opposed to the pending farm bill because it is an impossibly complicated measure which delivers five major crops to the dictatorial control of the Secretary of Agriculture and leaves these farmers largely at the mercy of his exploded scarcity schemes. It is the most amazing and reckless mixture of patent medicines that has come to the Senate floor in my time. It is a veritable jig-saw puzzle. I defy any citizen to read it and know what it actually means or what it specifically contemplates. I defy any dirt farmer to read it and know his rights or his obligations. After 10 days of painful explanation by its sponsors the Senate itself is more muddled and mystified than when the debate began. The authors of the bill even decline to make a guess as to what these blind but ambitious schemes will cost; and the bill itself is content to appropriate "whatever sums are necessary." Irresponsibility could not rise to greater heights of error. Even the President has found it necessary to utter a warning on this score; and even Secretary Wallace himself had to repudiate certain sections of the bill at the end of a week's Senate debate. To cap the climax, the poor farmer can be put in jail if he does not ultimately comply or if he fails to keep all the complicated records which the Secretary of Agriculture may require in the administration of a law which not 1 Senator in 20 could attempt consecutively to explain.

One or two things, however, seem somewhat plain. The bill adroitly pretends to provide for crop restrictions on a purely voluntary basis. But in net effect it actually provides for compulsory crop restrictions which, under certain circumstances, a minority of farmers can impose upon the majority and make them like it. Thereupon the farmer has little or nothing left to say about when, where, or what he shall plant on his own farm. He sells his birth-right for an inadequate Government check. In net effect it is a price-pegging bill; and price fixing by Government mandate never worked and never will. So far as Michigan agriculture is concerned there is little promise of farm aid even if these mixed and mystifying schemes should succeed. Michigan agriculture is diversified. This bill deals only with wheat, corn, cotton, rice, and tobacco. What it too easily could do to Michigan agriculture would be to provide new and fatal competition for our Michigan farm commodities upon subsidized acres withdrawn from the production of these five so-called basic crops.

Unquestionably there is need for effective farm legislation. I should be glad to support reasonable benefit payments which realistically combat soil erosion. I will support crop insurance. I believe in assisting the farmer, financially and otherwise, to handle the exportable surpluses which depress his domestic price. I believe in giving him complete control of his domestic market; and particularly I believe in the encouragement of new industrial uses for farm commodities. I believe the farmer is entitled to cost of production and a fair profit; and that stabilized agriculture will spell a generally stabilized prosperity. But I do not believe in any such vague, speculative, and potentially despotic schemes as have been hastily and wishfully flung together in this pending omnibus bill; and my mail leads me to believe that few Michigan farmers believe in it either.

Mr. FRAZIER. Mr. President, the farm question has been discussed and debated for years on the floor of the Senate and in the body at the other end of the Capitol. The farmers have many times been promised legislation and have gotten some legislation.

About the hardest condition the farmers have been in during recent years at least was at the end of the Hoover administration. At the beginning of the present administration what was known as the Agricultural Adjustment Act was brought forward. The bill, as I recall, was written by someone in the Department of Agriculture. It was introduced in both the House and the Senate. The bill passed the House first and came to the Senate, where it was referred to the Committee on Agriculture and Forestry. At that time it was stated that the bill was an experiment; that it was brought forward in an effort to better the condition of the farmer; and, while it was an experiment, that later on it was hoped to have a permanent bill to take care of the agricultural situation.

The agricultural adjustment bill was passed and put into operation. Although it was in the nature of an experiment, it was of a great deal of help to our farmers. In some localities they seemed not to get much assistance from it, but in

most places I think they got a great deal of assistance, and the work under it has been carried on.

Then the Soil Conservation Act was passed. That also was of benefit to the farmer, and that work is to be carried on.

Last winter, at the beginning of the last session, the Department of Agriculture, as I understand, called in the heads of some of the agricultural organizations in an effort to draft a permanent farm bill. A number of delegates met here for several days. Finally they went home without agreeing, as I understand. Later on, along in the winter, the representatives of the Farm Bureau came back to Washington, and, as I understand, they, together with the attorneys of the Agricultural Committee, drafted what is known as the ever-normal-granary bill. The Farm Bureau group came before the Agricultural Committee of the Senate prior to the time any specific bill was introduced. The Secretary of Agriculture and some others from the Agricultural Department came before the committee and endorsed in general the principles set forth by the Farm Bureau group. Later on the pending bill, known as the ever-normal-granary bill, was introduced, and was commonly referred to as the Farm Bureau bill and the Department of Agriculture or administration bill.

Later on it was decided by the Committee on Agriculture and Forestry of the Senate to hold hearings. Subcommittees of the main committee were appointed and went out to hold hearings. I happened to be a member of the subcommittee which held hearings in the wheat and corn States. We started at Spokane, Wash. Unfortunately not all of the reports of those hearings have yet been printed. Only this morning I received a copy of the report of the hearing held at Spokane. That was the first one held by the so-called wheat and corn group. It was held at Spokane beginning on the 30th of September. I should have liked to have time to go over some of the hearings and make a brief summary of some of the statements made by witnesses there, but I have not had time as I received the hearing only this morning. The reports of the other hearings have not been printed, but the clerk of the committee tells me they will be ready within the next few days; and I am sure the Members of the Senate will find much of interest in the hearings.

It has been charged on the floor of the Senate that a good deal of politics, or whatever it may be called, was used in getting witnesses to the hearings. Out at Spokane and Boise, where the first two hearings were held, I could not help noticing that a great many soil-conservation men were there; the county agents of the various counties of those States and surrounding States were present; and, of course, the Farm Bureau men also were there. The bulk of the testimony seemed to be from those persons, who, of course, were in favor of the so-called ever-normal-granary bill.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Vermont?

Mr. FRAZIER. I am glad to yield.

Mr. AUSTIN. I have been curious to know whether those who are interested in administering the soil-conservation law were then aware of the possibility that their operations under that law might not only be seriously interfered with, but that in certain sections they might be entirely cut off by the operation of the bill we are now considering.

Does the Senator know whether the penalty that is contained in this bill, consisting of the cutting-off of payments under the Soil Conservation Act, was then contemplated and was debated in those meetings?

Mr. FRAZIER. I do not recall that it was debated in the meetings. I believe that is a committee amendment; is it not?

Mr. AUSTIN. Yes. My understanding is that it is an amendment which was offered by the Senator from Louisiana [Mr. ELLENDER], and extends the scope of the commodities to include all commodities necessary for consumption by man and beast on the farm; and it contains a penalty of loss of benefits under the Soil Conservation Act in case of failure to comply with that particular amendment to the bill. It seems to me that is exceedingly serious, and that it

might interrupt the wonderfully good work that is now going on under the Soil Conservation Act. What I desire to know is whether that was contemplated in the meetings the Senator is now describing.

Mr. FRAZIER. Mr. President, I do not think it was contemplated at all at that time. At least, I did not hear of it until later.

Naturally, the soil-conservation men expected to continue their work. If this program is adopted it is, of course, going to take a good deal of field work to carry out the program. I have no criticism at all of the soil-conservation men coming in and supporting the so-called administrative bill. Naturally they are interested, and, naturally, too, of course, they want to hold their jobs. In a large number of the meetings, however, a very noticeable number of the witnesses—a majority, and I think in many instances as high as 75 percent, or perhaps more—were representatives of the Soil Conservation, extension departments, county agents, and members of the Farm Bureau group.

As I say, I have no criticism of that. These people were urged to come in, I suppose, and I have understood that copies of the bill were sent out in large numbers; and upon questioning the witnesses as to whether or not they knew anything about any other agricultural bill that was pending before the Agricultural Committees of the Congress, in many instances the witnesses said they did not know of any other measures. They knew nothing about them. They had heard something about a cost-of-production bill, or something of the kind, but they knew nothing about any others.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield to the Senator from New York.

Mr. COPELAND. The Senator will recall that a few days ago I showed him a letter from a correspondent of mine in Nashville, Tenn. I quote from the letter:

I suppose you know the public statement made by Senator LYNN FRAZIER, who was a member of the committee that held hearings all over the country. Senator FRAZIER publicly stated that not less than 75 percent of those who attended the hearings was made up of county agents and others holding jobs with the Government and the expressions of those attending the hearings could not be classed as coming from the real dirt farmers.

Mr. FRAZIER. I included in that statement the members of the Farm Bureau who were instrumental in writing the bill.

Mr. COPELAND. This morning I received a letter from a farmer in Carbondale, Kans., enclosing a clipping from the Kansas City Star Weekly, an article written by Marion Russell, a master farmer of Garden City, Kans. I will quote very briefly from the article:

Senator MCGILL announced at the beginning of each hearing that anyone that wished to be heard place his name with the clerk. It seemed that they were trying to be fair about the hearing, but all is not gold that glitters. The meeting had not proceeded very far until it was very evident to the close observer that it was a packed meeting.

He goes on further to say that—

The county agent and the county committee for soil conservation fixed up their resolutions favoring the Pope-McGill bill, and some of their own committee represented the county at the meeting. Most of them were on the pay roll of some of the agricultural acts and naturally wanted to be continued on the pay roll. They were not representative of the wishes of the mass of the farmers.

Then he says, very quaintly:

The law does not promise anything definite that the farmer will receive from the law except the fine and jail sentence.

Mr. President, both these writers, and I think the Senator himself in his remarks, have pointed out that these meetings were not representative of the farmers, of those actually engaged in farming, but were attended by the political farmers who farm the farmers. I have been more and more impressed, and I ask the Senator what his impression is, that the support of this bill has been largely engineered. It is not a spontaneous uprising of the farmers. Of course, the farmers in my State are in bitter opposition to it, without exception so far as my correspondence indicates. But if it be true, as the Senator points out, that these meetings were attended largely by representatives of the Government

and not of the farmers, it is no wonder that the hearings have not been printed and brought to us. We ought to have had them. I ask the Senator, are we not proceeding with a measure concerning which we in the Senate have not been informed; and are we not really proceeding with a measure which is a politically or selfishly written measure, and not one which will benefit the farmer?

Mr. FRAZIER. Mr. President, I have had a number of letters along the same line as that from which the Senator quotes, objecting to the number of "pay rollers," as they are called, who came to the hearings, and especially Farm Bureau groups, coming in large numbers.

As I said before, that was perfectly natural, inasmuch as they were particularly interested. But I must say that personally I do not like the attitude of the Agricultural Department and of the Secretary of Agriculture. The Secretary is naturally very much interested in the bill, but writing letters like that read into the Record the other day, it seems to me, is going a little too far, and the interest the Secretary has taken in the hearings and the interest the Department has taken rather thwarted the idea of the chairman of the committee. I remember very well, when the question was first spoken of in the Committee on Agriculture and Forestry of the Senate, the chairman of the committee said:

We want to hear the dirt farmers, those who are actually out on the farm doing the work. We have heard the leaders of the farm organizations, and that is all well and good. They come to Washington, but very few of the farmers, the actual farmers, can come here, and we want to hear them.

It was my thought, too, that we should hear that group of people.

Mr. MCGILL. Mr. President, before the Senator leaves that point, will he yield for a question?

Mr. FRAZIER. I yield.

Mr. MCGILL. On account of the letter referred to by the Senator from New York, and because of the fact that he referred to the measure as somewhat of a political move, I wish to say to the Senator from New York and to the Senator from North Dakota that every farm organization in Kansas was invited to have its representatives before the committee at the hearings, both at Topeka and at Dodge City, and every Member of Congress from that State, regardless of political affiliation, was invited to have appear before the committee persons he regarded to be well qualified to give the committee valuable information.

I wish to ask the Senator from North Dakota whether it is not true that at the hearing at Topeka representatives not only of the Farm Bureau but of the Farmers' Union and of the Grange of Kansas appeared?

Mr. FRAZIER. I believe they did.

Mr. MCGILL. Is it not likewise true that, so far as the heads of the organizations are concerned, the master of the State grange was the only one who asked to appear at both hearings in Kansas, and was he not given the opportunity to be heard at both the hearings in Kansas?

Mr. FRAZIER. Yes; he was heard at both hearings.

Mr. MCGILL. So that, so far as this letter is concerned, and so far as any maneuvering with reference to witnesses in Kansas is concerned, I wish to refute any such imputation. There is no justification for the accusation. So far as reading newspaper articles is concerned, I could do the same thing. I have some in my possession in which I do not concur. Of course, the Senator from New York is entitled to concur in any letter some newspaper may see fit to publish.

I wish to ask the Senator from North Dakota whether it is not true that at the hearing at Spokane, which was described, members and presidents of State farmers' unions in Oregon and Washington and masters of the State granges of those two States did not also appear and give their testimony?

Mr. FRAZIER. Yes; there were representatives of the various farm organizations at all these hearings.

Mr. MCGILL. Was it not apparent to the Senator that the major farm organizations of those two States were the Farmers' Union and the Grange, rather than the Farm Bureau?

Mr. FRAZIER. Yes; I think those are the principal farm organizations.

Mr. MCGILL. Does the Senator take the position that they were not given a free and full opportunity to be heard?

Mr. FRAZIER. No; I have never made that charge at all. I have no criticism of the Senator from Kansas, who was chairman of the subcommittee. He announced, I think, at every place, practically, that all farmers were to be heard, whether they agreed with the bill or did not agree with it.

Mr. MCGILL. And that the hearings were not confined to the scope or limitations of any bill?

Mr. FRAZIER. Yes; that is true.

Mr. MCGILL. I rather gathered from the Senator's remarks that he felt that farmers were not given a fair opportunity to be heard in these hearings.

Mr. FRAZIER. I did not mean to leave that impression. What I said was that I think that at the Spokane and Boise meetings fully 75 percent of the witnesses represented or were influenced by the farm bureau, the county agents, and soil-conservation men. I think the Senator from Kansas will agree with me.

Mr. MCGILL. No; the Senator from Kansas will not agree with that statement, because I think the majority of the witnesses who appeared at Spokane from Oregon and Washington State and northern Idaho were members either of the Grange or of the Farmers' Union or did not belong to any farm organization. I did not find at that hearing that there was much of a farm bureau in either of those two States. With reference to Boise, did not the master of the State Grange appear at the hearing?

Mr. FRAZIER. Yes.

Mr. MCGILL. And did not other members of the Grange appear?

Mr. FRAZIER. Yes.

Mr. MCGILL. And at Great Falls, Mont., were not most of the farm organization groups represented members of the Farmers' Union?

Mr. FRAZIER. At Great Falls, Mont., and St. Paul, Minn., there were more of the Farmers' Union men present than there were at any of the other meetings.

Mr. POPE. Mr. President, will the Senator yield before he leaves the Boise situation?

Mr. FRAZIER. I yield.

Mr. POPE. The Senator understands, I take it, that in Idaho there is no Farm Bureau Federation organization at all. We have only the Grange and the Farmers' Union. I have said before, and I wish to say again, that the heads of the farm organizations in Idaho were invited to be present, and were present and testified, and they did not include any Farm Bureau Federation men, because there are none in Idaho. It is true that from Utah and from Nevada there came certain representatives of the Farm Bureau Federation, but not from Idaho at all, and about two-thirds of the witnesses who testified at Boise came from eastern Oregon and from Idaho. When the Senator says that 75 percent of those attending represented the Farm Bureau, or the Farm Bureau and the county agents, I think he is entirely mistaken. There was a substantial number of representatives of the various county committees present, but as I know those men personally, I think the Senator is entirely mistaken when he says that 75 percent of them represented that group. I think there were very much less than 75 percent of that group, because I happened to know nearly all the men personally who met there and testified, and there were farmers from all around there whom I have known for a long time, who were members only of the farmers' organizations which exist in Idaho.

Mr. BARKLEY. Mr. President, will the Senator yield to me to ask a question?

Mr. FRAZIER. I yield.

Mr. BARKLEY. Regardless of the organizations of which those attending were members, or whether they were members of any organization, was anyone denied an opportunity to be heard at these meetings who came there to be heard?

Mr. POPE. Of course, no member of the committee can say that anyone was denied an opportunity. Not only were they not denied, but they were invited to come. I myself went on the radio and invited all farmers, whether members of State organizations or not, to be present and testify. I invited them all to testify, and they appeared and testified without reference to what organization they were members of or whether they were members of any farm organization or not. And we did not deny the right of the county committees to testify.

Mr. BARKLEY. The committee could not go further than invite them to be present and testify. The committee could not send a United States marshal out and ask them to come in and be heard. If they did not show up and did not ask to testify, I do not suppose the committee is chargeable with any negligence on that account.

Mr. MCGILL. Mr. President, I do not desire to interrupt the address of the Senator from North Dakota, but I wish to ask another question or two, if I may.

I desire to ask the Senator whether it is not true that at each and every one of the meetings, from the beginning to the close, I did invite those who had not had the opportunity to be heard orally, to send to the committee any statement in writing they might see fit to make, or to file any statement or argument with the subcommittee they might see fit to present, and if I did not likewise extend that invitation to each of those who had been heard orally but had not been extensively heard.

Mr. FRAZIER. Oh, yes; they were invited to send in written statements, and many of them have sent in written statements which have been put into the Record.

Mr. MCGILL. Did not the Senator preside at the meeting at Grand Forks, N. Dak.?

Mr. FRAZIER. Yes.

Mr. MCGILL. The Senator was invited to arrange for the places in the State of North Dakota and in the State of Minnesota at which hearings were to be held. Is not that correct?

Mr. FRAZIER. That is correct.

Mr. MCGILL. I wish to ask the Senator whether he did not make this statement when he called the meeting to order in North Dakota:

We have had some very fine hearings so far, and I am sure, judging from the representative group that is here today and more that will come, I am sure that we will have a fine hearing. A lot of interest has been shown so far, and I am sure it will be the same throughout the hearing.

Did not the Senator make that statement after we had had the hearings at Spokane, Boise City, and Great Falls?

Mr. FRAZIER. I did. We had a very good meeting at Grand Forks, too; I think one of the best we had on the trip.

Mr. MCGILL. I think we had very good hearings at every one of the meetings in that section.

Mr. FRAZIER. I agree to that.

Mrs. GRAVES. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Alabama?

Mr. FRAZIER. I yield.

Mrs. GRAVES. I may say in regard to the question as to whether or not the hearings were inspired, that I came into this matter with a perfectly open mind, because I was not familiar with the proposed legislation. I attended the hearing that was held in my city, Montgomery, Ala., though, of course, I was not a member of the committee.

Just to show the personnel of those who came to the meeting and testified I may say that, of course, the commissioner of agriculture of our State was very prominent in the meeting. He is, as Senators know, elected not only by the farmers largely but, in fact, by the whole people of the State. He was there and testified. There were small farmers and large farmers present who gave their testimony.

In addition to that, I recall that the president of the largest cotton mill in the State was on hand. Representing the other end of the line, there was present a union labor organizer of farm workers. These representatives all came to the meeting, and all gave their points of view. At the con-

clusion of the meeting, and from the reports that I was able to glean afterwards, I came to the very definite conclusion that the farmers of my State badly wanted some form of control. We had tried noncontrol, and it had failed the farmers. So an expression of the opinion of the farmers of my State was very definitely in favor of some sort of control bill; and it was not a controlled expression, but a very free expression of the farmers themselves.

Mr. FRAZIER. I am glad to have the statement of the Senator from Alabama.

Mr. President, I attended only two of the meetings in the South; one at Oklahoma City and one at Memphis, Tenn., and I think that at both those meetings the State departments of agriculture had had charge of getting the witnesses and arranging for them to come before the committee, and I understood that that was the policy of the chairman of the subcommittee, the Senator from South Carolina [Mr. SMITH].

Mr. COPELAND. Mr. President, will the Senator bear with me for another question?

Mr. FRAZIER. I should like to proceed with my address.

Mr. COPELAND. I do not blame the Senator, but I believe that it is very important to find out what sort of a bill was presented to the farmers; whether the real farmers were there, and whether they understood what the bill was about. I refer Senators to an article appearing in a Kansas City newspaper which was written by a master farmer, in which he said:

Some objected to the compulsory part of the bill. They were immediately informed by Senator POPE or Senator MCGILL that there was nothing compulsory about their bill. That seemed to satisfy them.

Was this bill, which has in it the compulsory features and the penal features, explained and presented to these farmers so that they knew it actually contained a provision for compulsion, and that provision was made for fine and imprisonment in case of violation of the terms of the bill?

Mr. FRAZIER. Mr. President, the Senator from New York does not understand the bill now the way the junior Senator from Kansas [Mr. MCGILL] and the junior Senator from Idaho [Mr. POPE] explain it. They still claim there are no compulsory features in it, and it was generally brought out in the hearings that there were no compulsory features, unless, of course, a referendum was taken and two-thirds of the farmers voted for a compulsory feature.

Mr. MCGILL. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. MCGILL. Inasmuch as the Senator stated our views I should like to interrupt the Senator, if I may. My view is and I think it is the view of the Senator from Idaho [Mr. POPE] as was stated by us on all occasions when we were asked anything about it, that insofar as the control of production is concerned, the bill as it was then written and as it now applies to wheat and corn provides a voluntary program, and that the only compulsory phase of the bill so far as those commodities are concerned is with reference to the marketing quota feature.

Mr. FRAZIER. That was about the way I stated it.

Mr. MCGILL. No, Mr. President; the Senator did not state it that way, and I am glad he gave me the opportunity to present my view of it.

Mr. FRAZIER. I am glad the Senator did, because he stated it at the several meetings. Of course, there were some witnesses who differed with the other two Senators on the subcommittee with regard to the compulsory features, and some insisted that there were compulsory features even in the crop control.

In the hearings at Spokane and Boise—I had not intended to mention this, but since the matter has been brought out more definitely I shall do so—it was stated by several witnesses that county or community gatherings had been called. The county agent or the soil-conservation men had called in a group of farmers, perhaps 20 or 25 of them, as many as would come in, and the bill was read and explained, and was very satisfactory, and they adopted resolutions, which were read at the subcommittee hearings, and which will be found in the hearings. In some instances they went so far as to

say in their resolutions that they not only favored this bill, but such features as crop insurance; that they also favored a special session of Congress to pass farm legislation; and in one or two instances they even went so far as to go on record as favoring the President's Supreme Court control plan. The farmers themselves might have made that suggestion—I do not know—but it rather looked to me as if some county agent or some soil-conservation man was the one who was back of it.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. NORRIS. I hardly think it is fair to the Senator from North Dakota to interrupt him with the long statements which has been made during his discussion of the bill, but I am going to venture to disobey the rules, as other Senators have done. I should like to ask the Senator from North Dakota, or any other Senators, if they can suggest any other thing that this subcommittee should have done that it did not do by way of getting farmers to the hearings. It is demonstrated here, and no one denies it, that the representatives of all farm organizations were specifically invited by letter; that by radio all farmers were invited to come. Now the criticism is made, and has been made during all this debate, that there was not a fair hearing; that the matter was engineered by somebody.

Mr. FRAZIER. Mr. President—

Mr. NORRIS. I am not charging the Senator with making that statement.

Mr. FRAZIER. I do not want the Senator to do so.

Mr. NORRIS. But it has been made. Intimation has been made of it today. Some dissatisfied person writes a letter and it throws out the idea and impression that the subcommittee had not done its duty, had not invited everyone. For God's sake, do Senators want the subcommittee to go out in the country and go to the farmers' houses and invite them personally, or get their statements there? Is there anything that the subcommittee could have done to give a fair hearing that it did not do? I should like to have the critics of the conduct of the subcommittee state what ought to have been done that they did not do.

It seems to me that the discussion in that respect is unfair. It seems to me unfair that the subcommittee should be criticized as it has been and that fault should be found with it in the conduct of its hearings. I have heard the statements which have been made on the floor of the Senate, and I cannot understand how the members of the subcommittee could have done anything other than they did do. They used their best endeavors to get everyone who was interested to attend the meetings. It is natural that the farmers should hold meetings. It is a good thing that they should get together and hold meetings. It is a good thing that the Farm Bureau went out and invited all farmers and all the farm organizations to the meetings, whether opposed to the bill or not.

Mr. President, I take it that simply because the Farm Bureau is for the bill it should not be considered an argument against the bill. The fact that some other farm organization is against it should properly be considered. Certainly those interested had an opportunity to be present at the hearings, and if they did not appear and were not heard they can blame no one but themselves.

Mr. FRAZIER. Mr. President, I appreciate the statement of the Senator from Nebraska. I am frank to say that in North Dakota, before the hearing was called, the chairman of the subcommittee, the junior Senator from Kansas [Mr. McGILL], asked me to arrange for a place for the hearing and to invite people to come; to give the meeting some publicity. I gave notice of the meeting and arranged for publicity in the press. I wrote letters to the heads of the farm organizations. Practically the only regular farm organizations we have in North Dakota are the Farmers' Union and the Holiday Association. I wrote letters to the heads of those organizations and urged them to attend. I knew that the Farmers' Union was having its State convention just a few days before the hearing was to be held by the subcommittee at Grand Forks, and I called the attention of some

of the officials to the bill and suggested that they discuss it at their meeting and send a delegation to the hearing. They did.

When the president of the Farmers' Union got through speaking there at Grand Forks, the chairman of the subcommittee, the junior Senator from Kansas [Mr. McGILL], made the statement that he had been the best witness we had heard on the trip, or something to that effect. I think he did make a very good statement. I have his statement here and perhaps will quote from it a little later.

I sent a letter to every county agent in North Dakota, and to the commissioner of agriculture of the State. He happened to be away and could not attend, but I sent a letter to him, nevertheless, and invited him.

In Minnesota I talked with the secretary of the Governor and suggested that he make arrangements for a place for the hearing, and he did. Also that he call in or get in touch with the leaders of the farm organizations. That was done. We found out after we arrived there that the Governor had called in representatives of the farm organizations and the farmers themselves from various parts of the State, and they had held a conference and adopted a set of resolutions, which were read at the hearing. In my opinion, they adopted a very fair and very straightforward set of resolutions.

Before we reached Sioux City we had heard that there was some dispute or opposition to the so-called ever-normal-granary bill, and there was a very large crowd, I think, by all odds, the largest crowd we had at any place. And again, in my opinion, a large majority of those there, from 75 to 80 percent, I think, were representatives of the Farm Bureau, the soil-conservation program, and the extension service. There was a good sprinkling of others, of course. There was a mass meeting the second day of the hearing, and a large number came in. The hearing was held in the auditorium, and someone told me it seated 1,500. At any rate, it was crowded; I do not think there was an empty seat there on the afternoon of the second day of the hearings. We had some good witnesses, and there were very sharp differences of opinion.

I have an article here from a Marshalltown (Iowa) newspaper which says that Marshall County would profit at least \$1,250,000 by this bill and the carrying of loans on corn. It goes on to say that is the reason the Marshall County Farm Bureau, the Marshall County Soil Conservation Committee, and various other farm groups, and the Marshalltown Chamber of Commerce are so eager to have Marshalltown business interests and Marshall County farmers well represented at the hearings in Sioux City the first half of the next week. I merely mention that to show that they took a great interest in getting a crowd there.

I was also handed copy of an editorial from Wallace's Farmer, published in the State of Iowa, regarding the Sioux City meetings. The headline is—

Hearings planned to wreck bill.

The editorial is from Wallace's Farmer of October 9, just a few days before we got there, and reads:

[From Wallace's Farmer of October 9, 1937]

HEARINGS PLANNED TO WRECK BILL

When Corn Belt farmers attend the hearings of the Senate Committee on Agriculture at Sioux City, October 18, 19, and 20, they should remember that these hearings were planned, in part at least, by those who would knife the program.

This Senate committee was given an outline of recommendations for legislation last February. But it is still refusing to put these recommendations into a bill.

These hearings were intended to be another step in the campaign against effective farm action. Those behind the hearings hope for two things:

1. A fight between farm groups at the hearings over different methods of farm legislation. This will give the committee a chance to pass the buck to farmers. "The farmers couldn't get together."

2. Even though a farm split doesn't develop, the hearings give an excuse for more delay. The committee, having stalled since last February, is an expert at this now.

The chairman of the subcommittee immediately in charge of the Sioux City hearings is Senator McGILL, of Kansas, a firm friend of the farm program and one of the authors of the Pope-McGill

bill embodying the farm plan. Farmers can expect him to do all he can to give the hearings a constructive value.

The real responsibility, however, rests on the farm groups that attend. Let them forget minor differences, center on the main principles of the ever-normal-granary program, and demand an end to committee delay.

These committee hearings are designed to wreck the farm program. Let farmers convert them into a weapon to force early action on the farm bill.

Of course, the other author of the farm bill, the Senator from Idaho [Mr. POPE] was also there with the subcommittee. No one ever accused him of being unfriendly to the bill, and, of course, he is not unfriendly to it. So if anyone was trying to wreck the program I suppose it must have been myself, because I was the only other member of the subcommittee there. I could not quite understand the reason for the attitude of Wallace's Farmer, because I had nothing particularly to do about arranging the meeting at Sioux City. The subcommittee talked it over, and someone suggested Sioux City as a central point for farmers in Nebraska, South Dakota, southwestern Minnesota, and Iowa, and we all agreed that that was the place where the meeting should be held. There was an excellent crowd there. There is no doubt about that.

Mr. POPE. Mr. President, will the Senator yield at that point?

Mr. FRAZIER. I yield.

Mr. POPE. Notwithstanding the suggestions which were made even in Wallace's Farmer of the possible packing of the hearing of the committee as well as certain charges, or, at any rate, intimations I have heard here, does not the Senator think, that despite any suggestions of that kind by anybody, the hearing was perfectly fair, and everybody who could be heard was heard at that hearing, and that there was no packing on the part of anybody? Was it not a full, open, free, and fair hearing?

Mr. FRAZIER. There was no packing on the part of any member of the committee. Is that what the Senator means?

Mr. POPE. Exactly. And does the Senator think that anybody succeeded in packing it?

Mr. FRAZIER. But the Senator will agree with me, I think, that there was considerable opposition by quite a sprinkling of representatives, who felt that witnesses, in some instances, had been coached, and that in some respects it was a packed proceeding.

The Senator will probably recall the little poem that was read there. I have a copy of it here, and I should like to read it. I do not think it has gone in the RECORD, and it is rather amusing.

Mr. MCGILL. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. MCGILL. I hope the Senator, when he reads the poem, will read the remaining portion of the witness' testimony—that he will read it all instead of merely reading the poem.

Mr. FRAZIER. I have not a copy of the hearings. If the Senator has a copy of them, he can read the testimony.

Mr. MCGILL. I thought the Senator had the testimony of the witness since he has the poem.

Mr. FRAZIER. One of the witnesses who appeared before the committee at Sioux City read a little poem. I do not know who was the author of the poem, but at any rate it read as follows:

Half a league, half a league,
Half a league onward
Into Sioux City rode
The crop-control six hundred;
County agents to right of them,
Pay rollers to left of them,
Brain trusters back of them,
Volleyed and thundered.
Someone had blundered!
Theirs not to make reply;
Theirs not to reason why;
Theirs just to testify.
So into the valley of death,
Into the shadow of hell,
Ready to sell their soul
For compulsory crop control,
Valiant six hundred;
No; not because they felt that way;
But just to get four bucks a day.

[Laughter.]

I thought it was rather an amusing little poem. It struck me as rather an original thought on the part of the one who had written it. I know there were quite a number at the hearing who got a laugh out of it when it was read, and it was copied into several of the newspapers.

At Springfield, Ill., where the senior Senator from Oklahoma [Mr. THOMAS] was the chairman of the subcommittee, the same question arose several times about "pay rollers" coming in there. There was no particular evidence except that a large percentage of that crowd did, I think, represent the Farm Bureau group, because that is the strong organization in that section of the country; they were well represented, and there were also some representatives of other organizations.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. NORRIS. I think now it is demonstrated the subcommittee was not packed and was not unfair. It is also shown that the subcommittee sent invitations to all county agents, and that not all of them but many of them came. Now, somebody is kicking because the county agents came. They were invited to come; and was it not a part of their business, if they were interested in their work, to come, no matter how they felt about this bill? How can anybody complain that a farm agent, having been invited by the committee to come, accepted the invitation and came?

Mr. FRAZIER. I know of no complaint about their coming. Of course, we were glad to have them come; but my opinion was in the Committee on Agriculture, when the resolution was discussed as to holding hearings, that hearings were to be held on farm legislation generally, but these witnesses took it for granted, apparently, that the ever-normal-granary bill was the only bill that was to be discussed, and that was the only one that most of them knew anything about.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. BARKLEY. I am interested to know whether the poem the Senator read was written by a farmer?

Mr. FRAZIER. It was read by a farmer; I do not know who the author was.

Mr. BARKLEY. If a farmer could write that kind of poetry he could probably do better writing poetry than he could do on the farm.

Mr. FRAZIER. I do not know about that; perhaps he could.

Mr. MCGILL. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. MCGILL. In order that there may not be any misunderstanding, let me say that, so far as any arrangements made by me were concerned, I did not invite specially county agents. I understand, however, the Senator from North Dakota said that in his State he did invite the county agents.

Mr. FRAZIER. Yes; and we have a good group of county agents in North Dakota.

Mr. MCGILL. All over the United States, in my judgment, we have a fine group of men as county agents representing the agricultural interests of the country; but I did not invite them especially. I did not want to be misunderstood in the matter. My invitations went generally; and I wish to state that, so far as the hearings in Kansas are concerned, with regard to the meetings at Dodge City, I had the Wichita broadcasting station announce them 2 or 3 days ahead of time. They announced it a number of times, inviting farmers all over western Kansas, Oklahoma, and Colorado to attend the meeting.

Mr. POPE. Mr. President, will the Senator yield with reference to that matter?

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Idaho?

Mr. FRAZIER. I yield.

Mr. POPE. It appears that some witnesses and apparently some Senators feel that the members of the county committees should not have appeared and should not have given any testimony at the hearing. The fact is that the witnesses testifying about the Soil Conservation Act in many places

represented 95 percent of all the farmers in that locality, and that 95 percent or 85 percent or 90 percent, whatever it might be, elected the county committees who consequently represented the very best farmers in the locality. They were members of the Grange, members of the Farmer's Union, members of the Farm Bureau, and occasionally they were not members of any organization.

When the heads of the Grange and Farm Bureau and Farmer's Union invited representative farmers, they themselves often invited members of the county committee because they were familiar with the work and really represented the farmers of the particular locality.

Even if it were true that 75 percent of those present were members of the county committee—I think the Senator is entirely mistaken about that because my own observation about it was that a very much smaller percentage of those who testified were members of the committee—but even if they were so numerous, they represented almost invariably the very best farmers in the locality and had been elected by those farmers to the positions they held. Therefore, I am unable to see why any sort of criticism should be directed at those good farmers throughout the country, elected by a large percentage of farmers under the Soil Conservation Act. I do not think anyone should even intimate that they should not have been present and should not have given their testimony.

Mr. FRAZIER. Mr. President, it occurred to me it was piling it on a little too strong that the farmers who had been chosen and elected by their own groups and were on the pay roll at the Department of Agriculture should come in so strongly as they did in some instances for the bill. As I said, it is perfectly natural for them, but it looked a little out of place to me because I thought it indicated that they wanted to continue their jobs, which of course was perfectly natural also.

Be that as it may, I had been in hopes of being able to get a copy of the printed hearings so I could check up on the percentages of those representing the various groups which had been at the hearings, but I could not get a copy in time to do so.

Mr. AUSTIN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Vermont?

Mr. FRAZIER. I yield.

Mr. AUSTIN. Before the Senator leaves that part of the discussion and in connection with the colloquy which has just occurred, I invite attention to a report which came to us from Vermont on the 23d of November from the Bureau having to do with the soil conservation program, which I think tends to prove that it reached many farmers and that if these farmers who are enjoying the benefits and co-operating under the soil conservation act really attended the meetings and participated in them, they represented a fair cross section of the farmer thought. Perhaps if they had contemplated all the things that we contemplate in the bill their views would have greater weight with us than they have had.

I invite attention to this press comment coming from the Associated Press at Washington to the Burlington Free Press and published by it in Burlington, Vt.:

Farm Administration leaders reported today \$398,689 had been paid to 18,923 farmers of the nine Northeastern States for complying with the soil-conservation program. New York led with \$407,173 to 7,583 farmers. The payments and number of farmers benefiting in other States include Maine, \$96,819 to 1,773 farmers; New Hampshire, \$25,476 to 1,061 farmers; Vermont, \$64,352 to 1,382 farmers; Massachusetts, \$43,189 to 1,099 farmers; Rhode Island, \$8,335 to 194 farmers; Connecticut, \$55,288 to 1,235 farmers.

Mr. President, I thank the Senator for permitting me to get this information into the RECORD.

Mr. FRAZIER. Mr. President, the Soil Conservation and the A. A. A. programs were complied with by a goodly number of farmers in every State, I believe, though not to the extent of 95 percent. I do not think that is what the Senator from Idaho [Mr. POPE] intended to infer, although he used that figure. A good majority in most of those States complied, and I think they received a good deal of benefit. In some dis-

tricts they could not comply because of climatic conditions or the character of crops which they raised. A few farmers said they had been carrying out the same program for years that the soil-conservation people were taking on now, and therefore they did not feel that they should go into it.

I voted for the Agricultural Adjustment Act and for the Soil Conservation Act. I am glad always to vote for any agricultural legislation that will give the farmers anything that I think may be of benefit to them. The criticism I have is that these bills have not gone far enough. I was strongly in favor of the cost-of-production amendment put on the Agricultural Adjustment bill when it was in the Senate committee and which the Senate itself adopted, but which was afterward stricken out by the conferees. We were told it was stricken out at the request of the Secretary of Agriculture, and, of course, that is correct. I have been sorry ever since that the cost-of-production provision was stricken out of that bill. I think it would have been much fairer and a better method of payment to the farmers than the program which was adopted under the so-called parity system.

I want to read from some of the agricultural planks adopted by both of the major political parties. I am going to read merely a brief extract from some of them. In the Democratic platform of 1924 there was an agricultural plank which said it was their policy:

To stimulate by every proper governmental activity the progress of the cooperative marketing movement and the establishment of an export marketing corporation or commission in order that the exportable surplus may not establish the price of the whole crop.

Exportable surplus. That is one thing that is brought up by many of those opposed to the President's so-called ever-normal-granary provision. They are trying to take care of and control the surplus rather than control of the acreage or crops. Personally I think that should be an amendment adopted to the present bill. Instead of trying to control the production by acreage that is to be planted, let us control the surplus.

That was in 1924. In the same year the Republicans had in their platform an agricultural plank which said:

The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industry to insure its prosperity and success.

In 1928 the Republicans again endorsed that very fine plank for agriculture, but the trouble was that after they were reelected in 1928 they did not make any effort to carry out that program.

If the Republicans had carried out that platform they probably would not have met the overwhelming defeat that they met in 1932. Because the Republican organization failed to carry out their promises to the great groups of farmers throughout the country, there was an overwhelming defeat, a landslide, in favor of the Democrats in 1932.

But I want to read from the Democratic platform in 1928. They said:

Farm relief must rest on the basis of an economic equality of agriculture with other industries.

This was the Democratic platform. Four years before that, in 1924, the Republicans had said the same thing—that agriculture must be on a parity with industry. In 1928 the Democrats said the same thing—that agriculture must be put on an economic equality with other industries. They also said:

To give this equality a remedy must be found which will include, among other things.

Creation of a Federal Farm Board to assist the farmer and stock raiser in the marketing of their products.

It was the Democrats who said that in 1928. The Republicans, however, put the Farm Board into operation.

Then in 1928 the Democrats also said:

We pledge the party to an earnest endeavor to solve this problem of the distribution of the cost of dealing with crop surpluses over the marketed units of the crop whose producers are benefited by such assistance.

That, too, would have been a mighty good thing.

Then the Republicans said in 1928:

We promise every assistance in the reorganization of the marketing system on sounder and more economical lines and, where diversification is needed, Government financial assistance during the period of transition.

Then they said again:

The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industries.

It was in 1928 that the Republican Party said that; but they forgot to carry it out in their administration during the 4 years from 1928 to 1932, and they were repudiated by the voters when they came to the election of 1932.

The Democratic platform of 1932 contained some very interesting statements in the agricultural plank.

They say:

We favor the restoration of agriculture, the Nation's basic industry.

And they talk about—

Better financing of farm mortgages through recognized farm-bank agencies at low rates of interest on an amortization plan, giving preference to credits for the redemption of farms and homes sold under foreclosure.

That meant, as I take it, to provide a chance for those who had been foreclosed on to repurchase their lands. In fact, I happen to know that the late John Simpson, who at that time was national president of the Farmers' Union organization, made a trip to New York State to talk with one of the candidates for President on the farm refinancing question; and he himself told me that he was assured that if that candidate should be elected, something along that line would be advocated, and it was in the platform.

Then the Democratic platform goes on:

We favor * * * extension and development of farm cooperative movement and effective control of crop surpluses so that our farmers may have the full benefit of the domestic market.

Unfortunately, after the Democrats were elected in 1932, instead of controlling crop surpluses they tried to control the production by acreage, which, in my opinion, is absolutely impossible, because the difference in yield from year to year makes it absolutely impossible to control production by the control of acreage.

Another promise was made to the farmers by the Democrats in the 1932 platform:

We favor * * * the enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost.

Mr. President, that means cost of production; and the Democratic platform in 1932 pledged to the farmers cost of production. When the cost-of-production provision was put into the Agricultural Adjustment Act by the Senate of the United States, the House conferees struck it out because they said the Secretary of Agriculture would not stand for it. These things are rather hard for the farmers to understand; and I want the Members of the Senate to realize that the farmers are thinking about these things right now. I know they are, because I have talked with them, and I get letters from them in regard to these very questions.

Mr. GILLETTE. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Iowa?

Mr. FRAZIER. Yes.

Mr. GILLETTE. Right at this point let me ask if the Senator has available and can put in the RECORD the corresponding plank in the Republican platform of 1932 relating to farm rehabilitation?

Mr. FRAZIER. I am coming to it.

The Republicans in 1932 said:

We will support any plan which will help to balance production against demand, and thereby raise agricultural prices, provided it is economically sound and administratively workable without burdensome bureaucracy.

That sounds like a part of the Democratic platform in the present administration.

Mr. DAVIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Pennsylvania?

Mr. FRAZIER. I do.

Mr. DAVIS. Would it be possible to secure the real cost of production for these farm products, for instance, in the case of wheat?

Mr. FRAZIER. I am coming to that a little later. I do not see why it would not be possible in the case of the amount used for home consumption in the United States. In my opinion, the American farmers are entitled to the American market. They are entitled to cost of production for the American market, just as the manufacturer is entitled to the cost of production for work that he does, just as the businessman is entitled to the cost of production, just as the lawyer is entitled to his overhead expenses and a profit if he is to succeed, just as anyone else is entitled to the cost of production. The farmer cannot succeed in any other way. My objection to the pending bill, known as the ever-normal granary bill, is that there is nothing in the bill which guarantees to the American farmer cost of production, including a fair profit. There is nothing in the bill to assure the farmers that they will receive cost of production for their products. Under any other condition, they will go broke. They cannot help it.

Mr. GILLETTE. Mr. President, will the Senator further yield?

The PRESIDENT pro tempore. Does the Senator from North Dakota further yield to the Senator from Iowa?

Mr. FRAZIER. Yes.

Mr. GILLETTE. Will the Senator yield to me for the purpose of making an inquiry to develop what the Senator from Pennsylvania [Mr. DAVIS] had in mind?

Mr. FRAZIER. Certainly.

Mr. GILLETTE. I understood the Senator's question to be whether it is possible to secure cost of production. Does the Senator mean whether it is possible to secure the money to pay the cost of production, or whether it is possible to determine the elements constituting cost of production? To what was the Senator's inquiry directed?

Mr. DAVIS. Mr. President, my inquiry was directed to the possibility of getting the cost of producing the product on the farm.

Mr. GILLETTE. Determining the amount?

Mr. DAVIS. Determining the amount; yes.

Mr. FRAZIER. Oh, there is no difficulty about that! It can be determined just as accurately as the manufacturers determine their cost of production.

Mr. DAVIS. But it would be necessary to take an average for the whole country.

Mr. FRAZIER. It would have to be an average, of course. The manufacturers do that, too. It costs one manufacturer more to manufacture a certain line of goods than it costs another manufacturer somewhere else; but they put the price high enough so that they can all come in under it and make a profit. Why should not the farmers at least have the benefit of the same principle? They cannot succeed in any other way. If it is found that a manufacturer cannot compete with the other manufacturers, he goes out of business, or changes to something else. If we had the average cost of production, and a farmer somewhere were on sub-marginal land, or something of the kind, or trying to raise a crop to which his soil was not adapted, he would have to change his crop and go to raising something else. At present he keeps on. He does not know what he is going to get for the products when they are produced, but he hopes he is going to have a good crop, and he hopes he can get a good price for it; and so he keeps on, regardless of whether his crops are adapted to that particular land, or whether he can produce them for cost of production, or not. He cannot know.

If we had a definite price based on cost of production and a fair profit for the amount used for home consumption, every farmer would know, if he raised a crop, what he was going to get for every bushel of wheat, every pound of cotton, or every bushel of corn; and if he could not make ends meet

under those conditions, with that price, he would have to go to raising something else. If he is the kind of farmer who cannot produce these products and sell them for the average cost, the sooner he finds it out the better it will be for all concerned, and he will go into some other line of business or raise something else.

The Republican platform in 1932 also said:

The fundamental problem of American agriculture is the control of production to such volume as will balance supply with demand.

That sounds like another plank in the Democratic platform of the present administration.

The Republicans also said:

A third element equally as vital is the control of the acreage of land under cultivation as an aid to the efforts of the farmer to balance production.

That is similar to a plank in the Democratic platform. It seems rather strange. The Democrats had a wonderful agricultural platform in 1932, but after they were elected they turned around and took the Republican platform and tried to carry it out. There was a lot of dissatisfaction, and it is going to be demonstrated in the next election, unless I miss my guess. The Republicans failed to carry out their agricultural programs in 1924 and 1928, and were defeated in the election of 1932. The Democrats have not carried out the program that they put in their platform in 1932, either—not by a gunshot.

The platforms of 1936 are along the same lines.

The pending farm bill, instead of providing for cost of production, provides for a so-called parity price based on the 5-year period from 1909 to 1914. That was supposed to be a fairly prosperous period in agriculture; but the statistics show that during the 5-year period from August 1909 to 1914, the average per capita income of the farmers was only \$156 per year, and that was only 40¼ percent of the average per capita income of the nonfarm population during the same years. The farmers are entitled to their per capita share of the national income, but they did not get it by any means during that 5-year period.

In the beginning of the present administration the Department of Agriculture advocated the carrying out of these planks of the Republican platform. They did not say that in so many words, but that is what it amounted to, making the payments on the parity basis, taking the 5-year period from 1909 to 1914 as the basis. There was not so much objection to that at the time, because it was admittedly an emergency measure, but the emergency measure remained on the books for several years. Then the Soil Conservation Act went into effect, after the other was declared unconstitutional.

It seems to me the pending bill ought to be of a more permanent nature, and we should not go on carrying out the experiment any longer. But the administration still insists on the parity provision, based on the period 1909 to 1914.

During that period of years the farmers received only 40¼ percent of the per capita national income, and it is not fair to say that the farmers of the United States can carry on under those circumstances. It is absolutely impossible. During the same 5-year period the farmers' property, their land, increased in value, their credit was good, and they could go to the banks and borrow almost any amount they wanted. Those who owned land, or who owned cattle, could borrow money, and they did borrow money during that period to the extent of \$500,000,000. That, in my opinion, at least, represents the difference between the price they got for their products during that 5-year period and the cost of production. Their credit was good, and they borrowed the difference. Apparently the Department of Agriculture seems to think that the farmers can continue along that line; but they cannot do it. The conditions during that period 25 years ago were entirely different from what they are now. The cost of everything the farmer has to buy has gone up. We use automobiles now, and trucks, and tractors, which are a necessity, as well as radios and similar things, which were not so common in those days. We are entitled to a better price. We are entitled to a parity with industry right now.

But there is nothing in the bill which would give the farmer a parity with industry.

Furthermore, Mr. President, there is nothing in the bill, at the present stage, at least, that will guarantee the raising of enough money to pay the farmers the difference between parity and the local price when they sell their products. There is nothing in the bill which gives assurance that we will have enough money. The committee inserted a provision that enough money would be authorized to be appropriated to carry out the purposes of the bill, but we have been notified that that probably is not possible, and it looks very doubtful, at least. In my opinion it will take more than the \$500,000,000, to which the soil conservation appropriation amounts, to carry out the provisions of the so-called ever-normal-granary bill, and to provide the parity payments. I think it will take double that amount, from the statements of some of the experts of the Department of Agriculture before our committee.

As I see it, there is no chance to get it. All we will get will be about half enough to bring the price to the so-called parity, under present conditions, and parity price is below cost of production. So what hope is there for the American farmer to be put on a parity with industry, under the pending bill? I can see no hope whatever.

In 1936 the agricultural income was \$5,805,000,000. The farm population amounted to 31,809,000, or a little over 25 percent of the total population. The nonfarm income for the same year, compared with \$5,805,000,000 for the farmers, was \$58,877,000,000. The farmers got 10 percent of the income, and numbered over 25 percent of the population. Is there anything like a parity with industry in that? Oh, no, and there never has been. As long as I can remember, at least, the farmers have never been on a parity with industry, and there is nothing in the pending bill that will put the farmer on a parity with industry. Of course, if he gets the parity price, it will help some, it will give him a little better price than what he is getting now, but the farmers of this country will continue to go broke as long as they are forced to sell their products at prices below the cost of production. They cannot keep going, any more than anyone else in business could keep on under the same circumstances.

In a town in the West a businessman came before our committee. He had been a farmer, but he stopped farming and went into the automobile and machinery business, though he still owns some land. I asked him if he would be willing to conduct his machinery and automobile business under the same method under which the farmers conducted their business, selling his products in the same way. He said sometimes he did cut down on prices, but that he could not as a general thing. He admitted that he would go broke if he had to do business selling his products as the farmers sold theirs, for any price the other fellow fixed for the product, that he could not continue to do business. Nor can the farmers continue to do business as long as they are compelled to go on in that way.

Mr. JOHNSON of Colorado. Mr. President—

The PRESIDING OFFICER (Mr. CHAVEZ in the chair). Does the Senator from North Dakota yield to the Senator from Colorado?

Mr. FRAZIER. I yield.

Mr. JOHNSON of Colorado. As I understand the parity provisions of the bill, they place a ceiling on farm prices above which the mechanics of the bill make it impossible for farm products to rise. In other words, whenever a commodity mentioned in the bill reaches the parity price, the gates of the ever-normal granary are thrown open and a sufficient amount from the ever-normal granary is turned loose on the market to keep the market from going above the parity price. Does the Senator understand the bill in that way?

Mr. FRAZIER. That is approximately correct.

Mr. JOHNSON of Colorado. There is to be a ceiling, then, above which the price cannot rise?

Mr. FRAZIER. That is to protect the consumers, of course, and they are entitled to protection. The trouble is, of course, that as long as the price is below normal, the consumer gets

the benefit, to the detriment of the producer, but just as soon as the price comes up a little above normal, then the price is blocked right there. That is the theory, at least. The bill is unfair to the farmers, in my opinion, because of that provision.

Early last fall prices were pretty good because of the drought and one thing and another. Of course, control had something to do with it, I agree, but if the administration is to claim the credit for the rise, it must assume responsibility for drought and floods, which have also helped bring up the prices. They do not want to do that, however, and it would be unfair to ask them to do it. The two go together. Prices were up. This year the crops were better.

Long before the wheat crop was harvested, a report came from the Department of Agriculture that there would be a big crop of wheat, and that prices undoubtedly would go down; and they did go down. Before the corn crop was harvested, a similar report came out, that there would be a surplus of 150,000,000 bushels of corn, or thereabouts, and the price of corn went down. When potatoes came on the market, in accordance with the report of the Department of Agriculture there was a big crop, and the price of potatoes went down. Farmers in my State sold potatoes at 15 cents a bushel, which did not pay for digging, picking, and hauling them to town, not to speak of the other expenses. A similar statement was made in regard to the cotton crop.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. GILLETTE. A short time ago the Senator was discussing a matter of great interest. Did I understand the Senator to make the point that if the parity price should be attained, which is the goal of the bill, it would mean that the farmer would receive only 40 percent as his proportionate share of the national income, as was the case during the base period which is made the yardstick?

Mr. FRAZIER. I stated that during the 5-year period the farmer received only 40 percent of the national per capita income.

Mr. GILLETTE. And that period is used as a base here, and if we attained the parity price, then the farmers would receive only 40 percent of the national income?

Mr. FRAZIER. It might not be the same percentage, but, in my opinion, it would undoubtedly be below cost of production.

Mr. President, much criticism has been directed against the Department of Agriculture because of these forecasts of production of various crops, and I think the criticism is just. In my opinion, the forecasts sent out do more harm to producers than good.

A gentleman from Texas handed me a clipping from the Dallas (Tex.) News, which reads as follows:

Fruit at low prices seen for this winter.

The Bureau of Agricultural Economics Saturday—

This is just a couple of weeks ago—

predicted plenty of fruit at low prices in the United States during the winter and early spring months.

The orange crop is the largest on record, grapefruit second largest, and the apple greatest in 11 years. Prices of oranges and grapefruit will decline sharply the next few months.

Perhaps they will, Mr. President, but what good does it do for the Department of Agriculture, which was created for the special purpose of aiding the farmers—and among other things they should aid them to make a profit—what good does it do for them to predict that the fruit crop is going to be a big one, that the price is going to drop because of a big production? Those who handle the farmers' products will find it out soon enough without the Department of Agriculture, 2 or 3 weeks ahead, telling them about it.

Another objection I have to the pending bill is that there is nothing in the bill to control, prohibit, or prevent the manipulation of the farm markets by the speculators on the grain and cotton exchanges. I do not know much about the cotton exchanges, but I do know something about the grain exchanges. I have before me an article written by a lawyer who practiced law in Chicago for years, Ernest D.

MacDougall. It is published in a magazine called the Social Frontier.

Mr. President, I want to quote just a very few statements from this article on the subject of the grain futures market. I shall then ask unanimous consent that the entire article be printed in the Record as a part of my remarks. The writer speaks of the futures trading as being detrimental to the farmers and purely a speculative or gambling proposition. He says the courts have upheld that position. He quotes from two decisions of the Supreme Court of the State of Illinois and one from the Supreme Court of the United States. I wish to read simply a paragraph from a decision of the Supreme Court of Illinois in the case of *Cothran v. Ellis* (125 Ill., 496-500). The paragraph is as follows:

It is not only contrary to public policy, but it is a crime—a crime against the State, a crime against the general welfare and happiness of the people, a crime against religion and morality, and a crime against all legitimate trade and business. This species of gambling has become emphatically and preeminently the national sin. In its proportions and extent it is immeasurable. In its pernicious and ruinous consequences it is simply appalling. Clothed with respectability and entrenched behind wealth and power, it submits to no restraint and defies alike the laws of God and man. With despotic power, it levies tribute upon all trades and professions. Its votaries and patrons are recruited from every path of society. Through its instrumentality the laws of supply and demand have been reversed, and the market is ruled by the amount of money its manipulators can bring to bear upon it.

Mr. President, that is what the Supreme Court of the State of Illinois said about the futures grain trading of the great city of Chicago. They say the law of supply and demand has been reversed. That is absolutely true. When anyone tells the farmers that there is anything in this bill pending before the Senate of the United States that will let the law of supply and demand function, he is stating something that is absolutely impossible until the speculative features are eliminated from the grain market and the cotton market, because there is no such thing as the law of supply and demand properly functioning so long as speculators control and manipulate the market. The futures market did not start in grain at all until after the Civil War, and the country had gotten along very well up to that time; but during the Civil War period someone decided that he could make more money speculating in wheat than he could raising and selling it. So this speculative feature was started.

There are many other sections in Mr. MacDougall's article that are good, and I shall quote one other. The writer tells about the losses through speculations, and continues:

Meanwhile, those who play the wrong side of the futures market lose \$2,000,000,000 per annum and add that much to the war chest of those whose business it is to despoil the people and to block every avenue of social and economic progress. These losses represent the margin or wager money of the unlucky victims of a crooked skin game. Those losses do not take into account the \$100,000,000 paid each year in brokers' commissions by both the winners and the losers.

Neither do those losses take into account the loss suffered by the farmers in the sale of their crops at prices below cost of production.

Mr. President, that is one of the best articles I have seen in regard to futures trading on the Board of Trade of Chicago.

The writer goes on to point out that while the Chicago market is often advertised as being the greatest grain market in the world, that is absolutely false; that there are some eight or nine other grain markets in the United States which do a larger business in handling actual wheat than does the Chicago market; that, in fact, the Chicago market handles only a small percentage of the grain marketed. Between 95 and 99 percent of all the business done on the Chicago Board of Trade is of a speculative business or of a gambling nature.

The writer of the article also points out that the millers do not even need this kind of a futures market to protect their sales. He says they have to take advantage of hedging marketing because the violent fluctuations caused by this same futures trading makes millers uncertain as to what they can get for their products, and so they have to hedge.

He says they have to bet that the grain is going down, and they hope that it will not.

The article presents a very clear exposition of the subject, and I ask that it be printed in the RECORD at this point as part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE GRAIN FUTURES MARKET—A STUDY IN THE ETHICS OF CAPITALISM

The social frontier implies the progressive point of view of those who plod patiently toward the Promised Land. It implies also the persistent presence at the frontier of an energetic enemy, who, from ambush and under cover of darkness, effectively seeks to discourage and distress those who are on the onward march.

To pioneers of progress let it be said that the enemy has erected in the path both mental hazards and seemingly formidable, albeit decadent, institutions to barricade the way. Evading open combat, the enemy defends his vulnerable position by the exercise of remote social control. Unscrupulous and unprincipled in his predatory practices, he appears in the light of day only when robed in raiment of righteousness. Defiant of the law, he protects and perpetuates his uneconomic, unethical, antisocial way of life by powerful propaganda and by pressure of perverted publicity.

"By their fruits ye shall know them." The profit motive has yielded many evil fruits. Mercenary criminals, profit-taking racketeers, everywhere abound. Nonproductive parasites infest all the highways and byways of modern life. They thrive in the marts of trade and they center their expropriating projects on the labors of those who toil. They have devised agencies in Wall Street and in La Salle Street to exploit the working producers and to swindle the general public. They gamble in the forms of trade and in the necessities of life. These evil things they do in the name of big business. They crave respectability, but they covet coin.

GAMBLING IN LIFE'S NECESSITIES

Our courts have consistently condemned stock gambling in most vigorous terms. Yet these gambling racketeers secretly sneer at these adverse decisions as "sterile progeny of the law." Failing to fool the courts through the unscrupulous services of "clever" lawyers, they now seek to fool the public through the prostitution of publicists and the purchase of pseudo-economists. They flood our schools and colleges with their pernicious propaganda.

Speaking specifically now of the futures market of the Chicago Board of Trade, it is needless here to enter upon a detailed discussion of the law. The subject of futures trading has been fully annotated in volume 83 of American Law Reports, at page 522 (83 A. L. R. 522), following two decisions reported at pages 492 and 512 of the same volume. The decision reported at page 492 is the last word of the United States Supreme Court on the subject. The decision reported at page 512 is the last word of the Supreme Court of Illinois. It will suffice, for the present purpose, to quote an excerpt from another decision of the Illinois Supreme Court (Cothran v. Ellis, 125 Ill. 496, 500), as follows:

"It is not only contrary to public policy, but it is a crime—a crime against the State, a crime against the general welfare and happiness of the people, a crime against religion and morality, and a crime against all legitimate trade and business. This species of gambling has become emphatically and preeminently the national sin. In its proportions and extent it is immeasurable. In its pernicious and ruinous consequences it is simply appalling. Clothed with respectability, and entrenched behind wealth and power, it submits to no restraint and defies alike the laws of God and man. With despotic power it levies tribute upon all trades and professions. Its votaries and patrons are recruited from every class of society. Through its instrumentality the laws of supply and demand have been reversed, and the market is ruled by the amount of money its manipulators can bring to bear upon it."

These racketeering gamblers have many powerful allies. There seems to be a community of interest among all those of big business who are motivated by the profit-taking impulse. It is a case of birds of a feather that flock together—a case of "you boost my racket and I'll boost yours."

APOLOGISTS FOR SPECULATION

The Chamber of Commerce of the United States and the International Chamber of Commerce seldom sit in session without adopting eulogistic resolutions recognizing "the fundamental services performed by futures markets in the organized distribution of certain agricultural and industrial products," and denouncing "governmental interference with futures trading."

Those who own and operate the futures market spare no expense in propagandizing the public and in exercising economic pressure against those who oppose their practices. They see to it that plentiful propaganda, ably prepared, is supplied where it will be most effective. The public relations committee of the Chicago Board of Trade made report that for the first eight and a half months of 1936 there were printed 7 board of trade stories in national publications, 217 stories in pictorials, 181 stories in trade papers, and 3,401 stories in newspapers. The report proceeds as follows:

"There is every reason to believe that the volume of returns (of clippings) will exceed 1929 in every particular when the 12-month comparisons can be made.

"The importance of this record to the welfare of the exchange lies in the fact that more than 2,300 of the 3,401 published newspaper stories appeared in the grain-producing area on which our publicity efforts are centered."

The June 12, 1937, issue of the Saturday Evening Post carried such a propaganda story, Wheat Madness, by Marc A. Rose. Neither Mr. Rose nor the editor was willing to correct any of the gross inaccuracies of that article. In the May 1937 issue of Rural Progress, a propaganda sheet that is distributed by the millions of copies, gratuitously, through the mails, to the farmers of the Middle West, appeared a similar article, Bulls and Breadbasket. Dr. Glenn Frank, who now "fronts" for that magazine, has withheld his consent to the publication of a story on the farmers' side of the question.

UNDERSTANDING THE MARKET

In no field of human activity has scientific research been less in evidence than in the field of agricultural marketing. It is a field of study of vital import not alone to the farmers, as producers, but also to the whole people as consumers. Our pastors and professors, as well as our editors, seem disposed to shy off from an impartial, scientific study of this question. Are the American people to be given to understand that scholarship is ready to turn tail, that science is ready to close its eyes and ears upon the slightest sign shown by the economic masters of our lives? Are we to understand that the Congress hastened to adjourn without enacting any general farm legislation because our legislators are ignorant of the fundamental facts of their problem, or because they are fearful of the economic powers that be? Or have their minds been poisoned and confused by long contact with the abominable standards of ethics of the profit system?

The problem of the orderly marketing of grain is no more difficult of solution than are other problems which our learned scholars and doctors effectively attack with zest. Why, then, this conspiracy of silence where the futures market of the Chicago Board of Trade seems to be involved? Every man, woman, and child has daily experience in the making and execution of contracts for the purchase and sale of the necessities of life, if not for the luxuries. The purchase of a pair of shoes involves the making and execution of a contract of sale—not a written contract, to be sure, but a contract, nonetheless, in which all of the essential elements of a contract are present. The purchase and sale of wheat, wholesale or retail, is no more intricate or difficult to understand than is the purchase and sale of bread or candy. It is only the fictitious market for futures trading that seems to enshroud the subject and obscure it in mystery. The plain, simple, everyday transactions of honest men are not difficult to understand. It is the crooked and devious device that is difficult to decipher.

Grain futures trading is a parasitical overgrowth on the body of the grain trade. The subject of futures trading has been deliberately camouflaged with such effect, by means of clever board-of-trade propaganda, that our wise men, our statesmen, our scientists, our researchers either credulously, without investigation, accept propaganda for fact or they throw up their hands and confess that the subject is too deep for them.

OPERATING IN "FUTURES"

Grain futures contract market is a market for the buying and selling of grain futures contracts—not for the buying and selling of grain. A futures contract is a betting contract concerning the future fluctuation of price quotations of the futures market ticker tape. There is no futures market attached to the industrial market for the simple reason that no manufacturer would consent to the idea of the fixing of the price of his product by means of the crazy fluctuation of a ticker tape manipulated by a bunch of gamblers. The manufacturer fixes his own selling price, if you please.

It is said that the Chicago Board of Trade is the biggest grain market in the world. This is not the fact. The truth is that, as a market for the actual merchandising of actual grain, Chicago stands sixth or seventh down the list of United States grain markets. Minneapolis is the biggest grain market in the United States. The Chicago Board of Trade merchandises less wheat than does the Hutchinson (Kans.) Board of Trade. Grain is bought, sold, and delivered in the cash (merchandise) market—not in the futures market.

The Chicago Board of Trade and the Chicago Open Board of Trade constitute the biggest futures contract market in the world (not the biggest grain market), handling about 90 percent of the total volume of grain-futures trading in the United States. Wheat-futures contracts, for example, are also bought and sold on the grain exchanges in Duluth, Kansas City, Minneapolis, Milwaukee, Portland, Seattle, St. Louis, and San Francisco. These other futures markets are, in effect, subsidiaries of the Chicago Board of Trade, and they handle, all told, a very small volume of trading in futures contracts. Most of the business of these other exchanges is grain trading—not futures trading. When one speaks of the grain-futures market, therefore, he speaks of the Chicago Board of Trade and of its little brother, the Chicago Open Board of Trade. The latter handles no actual grain at all—nothing but futures contracts. The former handles a comparatively small amount of actual grain and a very large amount of futures contracts.

It is important to keep clearly in mind this distinction between the grain market and the futures contract market. Not a single bushel of grain is ever sold in the grain pits—nothing but grain-futures contracts. Conversely, not a single futures contract is ever sold at the grain-sample tables—nothing but grain. The volume of grain trading done at the sample tables of the Chicago Board

of Trade is so small that they never bother to mark up the sales on the board. The board is reserved exclusively for recording transactions in futures contracts conducted in the trading pits—the wheat pit (wheat-futures pit), corn pit (corn-futures pit), etc.

The real work of marketing wheat, for example, does not depend on the existence of the futures market, which first was devised about 70 years ago. Wheat has been marketed for many centuries without a futures market, and wheat will continue to be marketed long after the futures market shall have passed away. The futures market automatically faded out of the picture during the World War, when the Government stabilized prices. The futures market depends for its existence upon continual fluctuation of prices, just as betting at the roulette table depends upon movement of the wheel.

DETAILS OF THE GRAIN TRADE

There are things, other than the futures market, upon which the grain trade does depend. There are scattered throughout this country over 3,500 flour mills with a daily capacity of 800,575 barrels of flour. There are grain elevators every mile or two along railroad rights-of-way in the grain area, and grain buyers are everywhere. There are unorganized grain exchanges in 19 cities. There are organized grain exchanges in 28 other cities, including Chicago. There are enormous terminal elevators and warehouses in all of the large cities. There are local, regional, and national farmers' cooperative selling societies, rapidly growing into control of the farmers' markets. And there is bitter conflict, inevitably, between the farmers' cooperative marketing societies and the business of gambling on the rise and fall of the price of farm products.

It is said that a grain futures contract market is a market for the future delivery of grain. That is not the fact. The truth is that less than one-half of 1 percent of the volume of wheat futures contracts, for example, results in delivery of either wheat or warehouse receipts for wheat. Such deliveries, when made, are not made in the futures market, but in the cash (merchandise) market. No deliveries are ever made except in the cash market, either present (spot) delivery or future (to arrive) delivery. Representing the grain futures contract market as a market for the future delivery of grain is a brazen fraud not alone upon grain producers but also upon the entire American public.

Futures trading in May wheat futures contracts runs for a period of about 8 months prior to May and during all of May but the last three business days, when trading in May futures is suspended. The same is true of trading in July wheat futures, September wheat futures, and December wheat futures. For May wheat futures, for example, May is said to be "delivery month." The last 3 business days of May are said to be "delivery days." That does not mean that deliveries of wheat must be made during May. It means that no deliveries under May wheat futures contracts shall be permitted to be made except during May, and then only at the seller's option. Deliveries made on 1 of the 3 "delivery days" are not future deliveries, but spot deliveries, made, if at all, in the cash market under the most difficult requirements of the rules and regulations of the Chicago Board of Trade. The futures market is closed on those 3 days, so far as May wheat futures trading is concerned.

What actually happens is that one who, in November, for example, buys or sells a May wheat futures contract expects to close out his contract before he may be called upon to make or to take delivery. He knows that there can be no deliveries in November, December, January, February, March, or April. During those months he is absolutely safe to play the May wheat futures market to his heart's content without running any risk of having to make or to take delivery. If he is on the short side of the market, he can continue his trading in May futures with equal safety up until near the end of May. During all of this time, particularly during that period prior to May, he may be in and out of the market, buying and selling May futures contracts, a hundred times, in and out of the market several times a day, for that matter; and then he suddenly switches his operations to July or to September or to December futures contracts. Seldom is he caught during "delivery month" with an unclosed contract on his hands. He has been an active trader in the futures market, but he has not made or taken, or intended to make or to take, any delivery of any grain. The only way he can make delivery, if he should care to do so, is to convert his futures contract into a cash (merchandise) contract. The futures contract is a gambling contract, pure and simple.

EFFECT UPON MILLERS

It is said that the futures market serves a useful purpose in providing facilities to millers, elevator men, and other handlers of grain to hedge against loss from fluctuation of market prices. That is not the fact. The truth is that it is the fluctuations caused by the futures market that makes the miller feel that it is necessary for him to go into the futures market and bet that the market will move in the direction in which he hopes it will not move.

As a businessman, the miller prefers to buy his wheat in a fairly stable market. He does not like speculation or gambling, as a business proposition. The futures market came first and hedging came second, in point of historical development. When the miller saw what the futures market was doing to the price of the product he had bought in good faith as raw material to be manufactured into flour, he went into the futures market himself to stabilize the value of the investment he had made in the cash market. He feared the "bears" would hammer down the price after he had made his investment in cash wheat and before he

sold the finished product as flour. Accordingly, he went into the futures market and sold short, betting that the price would decline, as he feared it would but hoped it would not. He sold short, as every other seller of a futures contract sells short, because he had no intention whatever of delivering his cash wheat in settlement of his futures contract. That would, indeed, be a silly thing for him to do. His paramount purpose is to mill that wheat into flour for his customers. Millers do not buy or sell actual wheat in the futures market any more than speculators do. Both speculators and hedgers do the same thing in the futures market. They buy and sell betting contracts—nothing else. They do not buy and sell grain in the grain futures market. It cannot be emphasized too strongly that all sellers in the futures market, both hedgers and speculators, are short sellers. All sales in the futures market are short sales. If all sellers sell short, what, then, do buyers buy? They buy a chance—a lottery ticket; that is all they buy.

SOCIAL WASTAGE OF ACCEPTED PROCEDURES

The study of the futures contract market is not merely an academic diversion. It has vital implications of vast economic and ethical value. Through bold audacity and brazen effrontery the Chicago Board of Trade has taught the people of this Nation to accept falsehood for fact, to believe that gambling greed for unearned gain is virtue rather than vice, and to hope for a solution of serious economic problems by simply letting well enough alone.

Meanwhile, those who play the wrong side of the futures market lose \$2,000,000,000 per annum and add that much to the war chest of those whose business it is to despoil the people and to block every avenue of social and economic progress. These losses represent the margin or wager money of the unlucky victims of a crooked skin game. Those losses do not take into account the \$100,000,000 paid each year in brokers' commissions by both the winners and the losers.

Neither do those losses take into account the loss suffered by the farmers in the sale of their crops at prices below cost of production. Futures prices are not directly related to cash prices, but they do have an indirect, psychological influence on cash prices. Futures price quotations are usually lower than cash prices paid for actual wheat as merchandise. They set the pace downward.

By persistent repetition of their extravagant though false claims to righteous rectitude as businessmen, these well-groomed gamblers of La Salle Street have profoundly affected the people to their hurt. A serious study of the economic and ethical aspects of futures trading will amply exemplify the harmful character of the entire profit system. Educators, as well as farmers, have a great stake in the solution of this problem of futures trading. The very existence of this problem is a challenge to the exercise of their proper function by our educational leaders. The solution of this problem also means dollars and cents added to the pay checks of our teachers. The billions of dollars that go each year into the bank accounts of grain and cotton gamblers and other nonproducing parasites of their ilk ought, by all that is good and holy, to go into the pockets of those who render useful service to society. None are more worthy of their hire than are our teachers, and few fare so ill.

The Nation as a whole has great spiritual and material gain in store upon the proper solution of this problem. Here is a key log in a serious log jam that blocks the stream of progress. Here is a challenge to the intelligence and to the honesty of the spiritual and temporal leaders of our people.

ERNEST D. MACDOUGALL.

Mr. FRAZIER. Mr. President, I have taken more time than I had expected. I am strongly in favor of cost of production for the farmers for the amount of their products used for home consumption. In the substitute measure introduced by the Senator from Oklahoma [Mr. LEE] there are many good features. If he would include the cost of production feature instead of the parity feature, which he does include in his proposal, it seems to me it would be much better. I suggested in committee the other day when we were discussing the pending measure that if parity was the goal to be reached in this measure and we did not have money enough to reach it, and could not hope to get money enough to reach it, why not change the bill to fix the price at parity, and pay the parity price figured out by the Department of Agriculture for the portion of these products used for home consumption in the United States? That would do away with any appropriation to carry out that feature of the bill. That would do away with the uncertainty that the farmers are not going to get parity because we are not going to have enough money to make up the difference to get parity price. To peg the price at parity would be a great deal better than the present bill provides.

Mr. President, I have been a farmer all my life, and I have wondered why the grain exchanges and the cotton exchanges have so much weight and authority, and so much influence. I have wondered about it all these years and I am

still wondering about it. Several times since I have been a Member of this body we have voted on a bill to put the grain exchanges and cotton exchanges out of the short-selling business. That would eliminate to a great extent the gambling element in the cotton and grain exchanges. We have not been able to get votes enough to do it. We have not been able to get the cost-of-production provision in a farm bill. If the cost-of-production provision were put in the farm bill, it would fix the price for the amount of farm products used for American consumption based on cost of production and fair profit. What would that mean? It would mean the same as it did during the World War, when the Government fixed the price of wheat. The grain exchanges went out of business during that period. The price of cotton was not fixed, and an immense amount of money was made by speculators on the cotton exchanges during the war period. But the wheat exchanges went out of business, they folded up, because they could not continue when the Government fixed the price of wheat.

Mr. President, I am wondering, and I know a great many farmers throughout this Nation are wondering, why it is we cannot get a cost-of-production provision in the farm bill. Is it because the grain gamblers and the cotton gamblers and their friends are too strong? Let us see. Whenever anything is said against the grain exchanges and the cotton exchanges a great deal of opposition develops. Representatives of the banking interests object. They seem to be friendly to the grain exchanges and the cotton exchanges. Representatives of the big insurance companies, and even many manufacturers, and many others will tell Senators privately that they are opposed to the gambling in the market, but when it comes to a straight, open statement which can be quoted, they back up and say, "No, no; do not quote me." They are afraid of the grain and cotton exchanges. Is it possible that this great Government of ours is afraid of the grain and the cotton gamblers and the stock gamblers?

I was not going to say anything about the stock market, but I think the stock market is just about as bad as the grain market and the cotton market. I can remember, as everyone else can, that in 1929, by the unfair manipulation of the stock exchange and Wall Street in New York, thousands and thousands of people lost every dollar of investment they had and went broke, while a few hundred, or at least, comparatively few, of those stock brokers or whatever they might be called—I call them gamblers—made millions and millions of dollars. The article from which I quoted states that those people who bet wrong on the grain exchange lose \$2,000,000,000 each year and the grain gamblers make that much money.

On the stock market the value of stocks went down about \$30,000,000,000 in 1929, in about a year's time, and the people lost that \$30,000,000,000 and the gamblers who bet right made \$30,000,000,000 at that time. It caused one of the greatest crashes we have ever had in the United States. The newspapers say another crash is pending.

Is our Government afraid to deal with the gamblers on the stock market? Are we afraid to deal with the gamblers on the wheat market? Are we afraid to deal with the gamblers on the cotton market? Senators can draw their own conclusions. I have mine.

Are we afraid in this bill to write a provision guaranteeing cost of production to the producers of wheat, corn, and cotton because it would fix and determine the price to be received for our domestic consumption based on cost of production? Are we afraid to do that? Everyone will admit the farmer is entitled to cost of production and must have cost of production if he is going to succeed. Why not give it to him? It is not done, because it would put the grain exchange and the cotton exchange out of business; because it would put out of business those gamblers who are gambling in food products and the necessities of life which the people must have in order to live. The Government seems to be afraid to curb that group of gamblers.

Mr. President, I do not know why it is, but there is "something rotten in Denmark." I should like to know what it is.

If anyone who is a strong supporter of the pending bill can answer the question I should like to have it answered. I do not care whether he is a Member of the Senate or a member of the farm bureau or a representative of the Department of Agriculture, or who he is. Why is it we cannot have for those products used for home consumption a fixed price that will give the American farmer at least cost of production and a fair profit for the amount he raises for such consumption and will protect him and guarantee him a little profit?

I have another article to which I wish to refer briefly. It was published in the Chicago Tribune. I am going to refer to it only because it states a fact. The Chicago Tribune has been one of the standpat Republican newspapers in Chicago that I have criticized. In North Dakota we are nonpartisan and we have been free to criticize any party that we think wrong, regardless of the label it may bear. I have been elected on the Republican ticket because it is the dominant party in North Dakota, but elected with the endorsement of the Nonpartisan League. In fact, the Nonpartisan League put me in politics.

In an article published in the Chicago Tribune on October 10 it is said:

Imports cost farmer home market.

The article states that the imports of agricultural products coming in during the last year would require 30,000,000 acres of farm lands to produce. It would require 30,000,000 acres of land to produce the products which have come into the United States during the last year from foreign countries. Of course, we had a drought last year, and there was a shortage of some of those products, but a great many of the outside products came in and are coming in now.

We had a large crop of potatoes this year, and in North Dakota we were selling United States No. 1 potatoes for 15 cents a bushel. They were properly graded, too. Only last week a cargo of potatoes was brought in on a foreign ship from northeastern Canada to Jacksonville, Fla., seed potatoes, certified seed. They come in direct competition with the certified seed raised in my own State, as well as in Maine, Michigan, Idaho, Colorado, and other States where certified seed potatoes are raised. We raise certified seed potatoes and sell them in the South because they grow better than the seed potatoes produced in the South. In the past we have had in the South a good market, but now seed potatoes are coming in from Canada and are used in Florida, while just before the ground froze in my State potatoes were being sold on the market for 15 cents a bushel.

We cannot compete with the foreign potatoes which were brought from Canada on a Scandinavian ship which took the potatoes to Florida on an ocean rate. I was told by a Representative in Congress from one of the potato-producing States that the rate was about 10 cents a hundred. That is all they paid for shipping potatoes from Canada to Florida. It costs us in the neighborhood of 70 cents a hundred to ship by rail from North Dakota to Florida. It costs the potato growers of Maine shipping by coastwise vessels about 30 cents a hundred.

We cannot compete with the Canadian potatoes; the potato growers in Maine, right across the Canadian line, cannot compete with them, and yet those Canadian potatoes are coming in at a reduced tariff rate under a reciprocal trade agreement. If there is anything about that reciprocal trade agreement that is beneficial to the farmers I should like to know what it is. That is one New Deal measure against which I voted and I am proud of the fact that I did. I voted against its extension during the last session of the Congress because, as I said then and now repeat, the reciprocal trade agreements have made the American farmer the goat, and the result is that farm products are being brought in from foreign countries at reduced prices in direct competition with our products in trade for manufactured goods.

The manufacturers do not need help half so much as do the farmers. The manufacturer can fix his own price for his product and he does fix it. If he produces a surplus what does he do? He has two prices, just as we would like to

have in this control of surplus bill. We should have two prices for the farmer as well as for the manufacturer.

I remember a former Representative in Congress from my home State years ago, a Scandinavian, who served in the House of Representatives. While he was in the House he made a trip to Norway, to his old home community. While there he happened to be talking with a farm-machinery dealer. The dealer had a grain binder that was made in the United States. He asked the price of it and was surprised to find the price much less than he could buy the same kind of binder for in North Dakota. The Representative bought one of those binders from the dealer at the regular price in Norway, shipped it by local freight across the water to New York and by local rail freight to North Dakota, and laid it down on his farm there at a less price than he could have bought it for at home.

Why? Because the Harvester Co. had a surplus that year. At home they charged the cost of production plus a good fair profit and got it. Anyone wanting a binder in the United States had to pay that price or go without a binder. But the company had a surplus and shipped that surplus abroad and sold it away below cost of production in order to get rid of the surplus. Remember, they got cost of production plus a fair profit for the binders they sold in the United States. Other American manufacturers here do the same thing. I remember a former Senator from Iowa, Mr. Brookhart, telling about a fountain-pen company that had a factory in his State. He told of the prices at which their pens sold at home for domestic consumption. They sold at a price based on cost of production plus a fair profit, but for the surplus they shipped abroad they took any price they could get. It was good business for them, but it seems that it is not good business for the farmers to have cost of production plus a fair profit for their products used and consumed in the United States and to have the surplus handled by the Government through an ever-normal granary and sold for whatever price may be obtained. That would control production, in my opinion, because automatically the farmer would cut down production if he found that for only a certain percentage of what he raised would there be a home market in which he could get a fair price, and that the remainder would be sold below cost of production. He would naturally cut down to somewhere near what would be used for home consumption.

I hope before the discussion is concluded that something along that line will be offered in the way of an amendment and that there will be a fair discussion of that feature before the final vote is taken. I know that if the farmers, even those who came out definitely in favor of the so-called ever-normal granary bill, had had the proposal put to them whether they did not think they should have cost of production plus a fair profit, they would invariably answer, "Yes." Some were afraid they could not get it. They had been told many times they could not get it, that it was unfair.

I read from the platforms showing that both the Democratic Party and the Republican Party had gone on record time after time in their platforms saying that they wanted to put the farmer on a parity with industry—yes, on a parity with industry. Industry gets cost of production plus a fair profit for the products sold at home and then if there is a surplus it is exported; and when they export any of their products they take whatever price they can get. We ought to have some such provision for the farmer. I hope that before the debate is closed or the consideration of the bill is concluded a substitute will be offered based on cost of production for the amount used for home consumption in the United States.

Mr. POPE. Mr. President, will the Senator from North Dakota yield at that point?

Mr. FRAZIER. Certainly.

Mr. POPE. The Senator referred to the substitute offered by the Senator from Oklahoma [Mr. LEE]. I wonder if the Senator understands, as I do, that that does not provide for cost of production?

LXXXII—58

Mr. FRAZIER. I said I hoped it would be amended to include it or that I thought it would be better if it were so amended.

Mr. POPE. It merely provides for parity price, and then in the event there is not sufficient money to pay the parity price only a pro rata part would be paid. The Senator indicated a few minutes ago it is not likely additional money over the \$500,000,000 will be provided. If that be true, then just what additional good would such a bill do toward reaching parity price or cost of production?

Mr. FRAZIER. The Senator is referring to the substitute offered by the Senator from Oklahoma?

Mr. POPE. Yes.

Mr. FRAZIER. There are some other features of that substitute which I think are very good.

Mr. POPE. Does the Senator refer to graduated payments?

Mr. FRAZIER. Yes; I think that provision should be included in whatever bill we pass.

Mr. POPE. If there is no value in the substitute other than the provision for graduated payments, could not that be covered by amending the Soil Conservation Act?

Mr. FRAZIER. I think there are more good features than that. I read the substitute of the Senator from Oklahoma and heard his explanation of it. I will let him answer that question.

Mr. LEE. Mr. President, will the Senator yield for that purpose?

Mr. FRAZIER. Certainly.

Mr. LEE. One great advantage of the substitute is that it does not provide for crop control and coercive reduction as is provided in the committee bill. That is very offensive to the farmers. Some of them may have agreed to it, but if they did it was because they understood it was that or nothing else.

The substitute has the advantage also, may I point out, of not cutting off our foreign markets. It provides in effect the same principle as the Senator from North Dakota mentioned with respect to a two-price system. While it is really a one-price measure, yet in effect it provides for the two-price system by giving the farmer a bounty to make up the difference between what he receives and what he should receive if he got parity. One of the Senators in charge of the bill called that a dole, a gift.

It is not a dole. It is not a gift. It is simply a payment of the balance due that we owe the farmer for what we are eating that he is producing below what it costs him to produce it. The Senator's views are that the balance is against the farmer, that the tariff gives the manufacturer an economic advantage, and that the farmer is not receiving what he should for what we are eating and wearing. The payment I propose would not be a dole. It would not be a gift. Shame on those who say it would be a dole when it would simply pay a back debt, the rest of what we owe the farmer for what he has produced for us, that we are eating and wearing in this country.

That is one of the advantages the substitute bill would have, because it would equalize that economic advantage; but the greatest advantage it would have over the committee bill is that it would not cut off our export trade, which, in my opinion, the committee bill would do.

Mr. MCGILL. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Kansas?

Mr. FRAZIER. Yes.

Mr. MCGILL. I should like to inquire of the Senator from Oklahoma if he does not believe we are selling on the export market all the wheat and cotton the foreign market will take at this time.

Mr. LEE. No, sir.

Mr. MCGILL. Why do we not sell more, then? We have the wheat for sale. We are ready to sell it. The farmers

are willing to sell it on the export market; and I believe the truth is the export market will not take it.

Mr. LEE. The reason is because when we artificially jacked up the price by crop control, we lost some customers; and when a customer is once lost it is pretty hard to get him back.

Mr. MCGILL. The Senator seems to think his bill will guarantee getting back an export market. There are about 250,000,000 bushels of wheat in this country today ready to go on the export market if the export market will take it.

Mr. LEE. And if the farmer had a fair price for the part we use in this country, he would be in a position to lower the price on the surplus and undersell any competitor, and he would be willing to do it; and we would then regain the market in wheat as well as the market in cotton. The farmer is ready to go in and give the world a licking on export trade if we will give him a fair price for the part we use in this country, and put him in an advantageous economic position to undersell his competitors if necessary. If we do that, he will regain that market.

Mr. MCGILL. If the surplus were bought on the export market, we should have no trouble with reference to the commodity price in this country. So far as any program we have heretofore had is concerned, the fact remains that we produced in this country this year 886,000,000 or 887,000,000 bushels of wheat, and had a 90,000,000-bushel carry-over. There is an ample supply on hand; and the export markets, if they will just buy it, can have it. There is no question but that the farmers are ready to sell it.

Mr. LEE. Mr. President, will the Senator further yield?

The PRESIDING OFFICER. Does the Senator from North Dakota further yield to the Senator from Oklahoma?

Mr. FRAZIER. Yes.

Mr. LEE. If the program that the Senator is sponsoring under this bill should go into effect, granting for argument's sake that it would raise the price of cotton to parity, which is 16½ cents a pound, does the Senator think we could sell 5,000,000 bales on the world market at 16½ cents a pound next year?

Mr. MCGILL. Oh, no; no one contends that.

Mr. LEE. Does not the Senator believe, then, that we should lose the sale of the 5,000,000 bales we are now exporting?

Mr. MCGILL. I am not under the impression that the bill will establish any such price for cotton as the Senator assumes, nor do I take the position that the bill will guarantee parity prices for any of the commodities named in it. The Senator from Oklahoma assumes that if his substitute bill should be enacted into law, the surplus of wheat in this country could be sold in the world market. I take the position that there is nothing today to prevent our surplus wheat from going into the world market if the world market will only take it.

Mr. FRAZIER. Mr. President, I think that question may be better argued out when we get to the Senator's substitute.

I promised to yield to the Senator from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. President, in connection with the statement just made by the Senator from Kansas [Mr. MCGILL], I desire to call his attention to the fact that Canada undersells the United States from 14 to 16 cents a bushel. The Canadians have that much of an advantage in Liverpool over our producers; and we cannot sell any wheat on the Liverpool market until we drop below the 14 or 16 cents a bushel advantage that they have over us on the Liverpool market.

Mr. MCGILL. What the Senator from Colorado says is correct; that is, that Canadian wheat on the Liverpool market sells at a better price than our wheat sells on the Liverpool market. That is due, I think, to our tariff system. We have had high tariffs—if that is a good expression to use—in recent years. The British Government levies a tariff against the importation of American wheat, but levies no tariff against its colonies, and levies no tariff against the

importation into the British Isles of Canadian wheat. That is the reason for the difference in our ability to sell.

Mr. FRAZIER. Mr. President, referring to the statement in regard to Canadian wheat, I have here a letter from the Equity Elevator & Trading Co. of McVie, N. Dak., making inquiry as to why it is that the Winnipeg wheat market is, or was at that time, 23 cents above the same grade of wheat in Minneapolis. I have kept track from time to time of the Winnipeg wheat market during the past several weeks, and the price has ranged from 15 to 20 or 25 cents a bushel more in Winnipeg for the same grade of wheat than in Minneapolis. I took up the matter with the Grain Futures Division of the Department of Agriculture. They wrote back, after making some investigations, and said that there were several reasons for it. One was a shortage of wheat in Canada this year, and another thing was that the British Government pay a bounty or a premium on Canadian wheat imported into England, because it is from their own country and because of that premium price for Canadian wheat they can afford to put their local price a little higher than they would otherwise do in Winnipeg.

Mr. MCGILL. Does the Senator from North Dakota agree with what I said also concerning tariff duties levied by the British Government against our wheat, and no tariff duty being levied against Canadian wheat?

Mr. FRAZIER. Yes, Mr. President.

I have here a number of letters, but I am not going to take time to read them, bearing on this farm bill. I think I have expressed the sentiments contained in the letter fairly well, or at least as well as I could. I have the statement of Mr. Talbot, the president of the North Dakota Farmers' Union, that he made before our committee at Grand Forks. He made a very good statement. He had attended an interstate conference at Omaha, I think, a few days before that time, or a few weeks before that time, and they had adopted a program there. He says, among other things:

Cost of production has always been our objective in the Farmers' Union organization, and the members of this conference group recommend the following eight-point legislative program.

But that is a part of our hearing, and I shall not take the time to read it. It is a very good eight-point program, endorsing soil conservation, and so forth; but they do favor cost of production, because that is what they have favored for years in the Farmers' Union organization.

I desire to call attention to just one more thing.

Mr. LEWIS. Mr. President, will the Senator from North Dakota allow me to ask him a question?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Illinois?

Mr. FRAZIER. I shall be glad to yield to the Senator.

Mr. LEWIS. Since the Senator from Kansas [Mr. MCGILL] has just indicated, and the Senator from Oklahoma [Mr. LEE] seemingly confirms the statement, and the Senator from Colorado I think seemingly endorses it, that it is the tariff levied by England upon American wheat but withheld as to Canadian wheat which makes it improbable or unlikely that Americans could have a profit for their wheat sent to Liverpool, I ask the Senator from North Dakota this question:

We have heard something of a trade treaty proposed or now propounded by England; and the able Senator from Kentucky [Mr. BARKLEY], the leader, some time ago placed in the RECORD some suggestions as to the contents of that treaty. Can the Senator from North Dakota inform us of any provision anywhere in that treaty which will equalize that tariff so as to let the farm products of America find their way upon an equal basis with the farm products of Canada either into England or into the world markets?

Mr. FRAZIER. The Senator means in the reciprocal-trade agreement?

Mr. LEWIS. As it is proposed; yes, sir.

Mr. FRAZIER. Not that I know of. I am not an authority on the reciprocal trade agreements; but, as I stated heretofore—I think before the Senator from Illinois came into the Chamber—in my opinion the reciprocal trade agree-

ments have in every case been to the detriment of the American farmer.

Mr. LEWIS. I appreciate the suggestion of the Senator.

Mr. FRAZIER. At the present time there is pending before the Interstate Commerce Commission a railroad case, which has been going on for some days, in which the railroads have asked for an increase of 15 percent in freight rates. The freight rates on agricultural products amount to at least 20 percent, or a little more, of the total freight rates of the roads. In our Middle West States they amount to a higher percentage than that. In North Dakota I understand that 26 percent of the freight handled in the State is composed of agricultural products; and, of course, a 15-percent raise in freight rates would mean quite a raise for the farmers of that State. The total increase under the 15 percent would be \$508,000,000, and on agricultural products, say, of 20 percent or a little more, it would be over \$100,000,000. So, if this request is granted to the railroads, and we do get the \$500,000,000 benefit that this bill carries to the farmers, or the portion of it that will go to the farmers, \$100,000,000 of it will come out of the farmers' income for additional freight rates if the application that is now pending before the Interstate Commerce Commission should be decided in favor of the railroad companies.

Mr. MCGILL. Mr. President, will the Senator yield at that point?

Mr. FRAZIER. I yield.

Mr. MCGILL. I fully agree with what the Senator from North Dakota has just said relative to the application for increased freight rates. If I am correctly informed, that application requests an allowance for an increase of freight rates on raw commodities, raw materials. Many commodities while in the raw state, as produced on the farm, are not, as a rule, transported over any other kind of a carrier system than railroads. Bus lines, trucks, and so forth, are not in position to compete with the railroad companies in the transportation of those commodities, if I am correctly informed. I sincerely hope that such an order will not be granted, nor any such increased rate be permitted. I sincerely hope the railroads may be required to stay on a competitive basis with the truck-line systems insofar as at least as the transportation of such commodities is concerned.

Mr. FRAZIER. Mr. President, in my opinion if the increase of 15 percent is granted, many of the raw products of the farm now handled by railroads will be handled by trucks in the future.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. COPELAND. Are there not other problems to be associated in comparing conditions in the United States and Canada besides the freight rates? Of course, the national railroads of Canada under their charter have a certain provision about rates from Saskatchewan and Alberta to the lake head which will always give them an advantage over the American farmer shipping from Montana, or a distance similar to that. The result of the very low freight rate in Canada is that there is a deficit in the operation of the national railroads, which is made up from the Federal Treasury of Canada. I do not know what the figures are now, but 1 year recently the deficit was \$90,000,000.

In addition to that, I ask the Senator from North Dakota whether it is not true that during times when the weather is comparable the more fertile and fresher lands of Canada will produce a greater yield per acre than will the farms in the United States? Is that not a fact?

Mr. FRAZIER. Some of the new land in northwestern Canada does produce exceptionally large yields.

Mr. COPELAND. In the next place, the basic value of the farms—that is, the cost to the holders—is very much less than in the case of the American farmer.

Mr. FRAZIER. They are less expensive.

Mr. COPELAND. So that the farmer here has a greater overhead than the Canadian farmer has.

Mr. FRAZIER. That is correct.

Mr. COPELAND. And beyond that, is it not true that the cost of farm labor in Canada is less than the cost of farm labor in the United States?

Mr. FRAZIER. That is correct.

Mr. COPELAND. When we add all these various factors, the Canadian wheat farmer has a tremendous advantage over the American wheat farmer, and it logically follows that unless the American wheat farmer can by some arrangement secure an equalization he will always be at a disadvantage.

There is the further fact that blood is thicker than water, and Liverpool being the market for the export of wheat, the Englishman will buy from the Canadian before he will buy from the American, and by the proposed treaty arrangement with the Dominions the Canadian farmer will have an advantage in the way of a bonus over the American farmer in the price of wheat.

Mr. FRAZIER. Mr. President, in reply to the Senator from New York, I wish to say that what he says is true about freight rates, and so forth. The freight rates in Canada on wheat, as I recall, are about 60 percent of what they are in the United States, what we pay in North Dakota, just across the line from them. The argument of the Senator from New York also applies to the bread that is now shipped into his own State from Canada free of duty and sent by truck to as far south as New York City and to Rhode Island and all the other States in New England.

Mr. LEE. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. LEE. Mr. President, to add one more point to what the Senator from New York has suggested, if we artificially raise the price of wheat in this country to a higher point, will not make it still more difficult, if not impossible, for the farmer in this country to sell his wheat on the world market?

Mr. FRAZIER. Under the present provisions of the bill, I think it would; but if the farmer got cost of production for the amount used in home consumption, the surplus could be sold by the Government or some export board at a lower price, whatever they could get for it, because it would be a surplus, after the normal granary was taken care of. The Government could sell the surplus for whatever they could get and pay the farmer, after deducting expenses, whatever was left.

Mr. LEE. I agree with the Senator on that point. My statement was intended to further answer the question asked by the Senator from Kansas about selling wheat.

Mr. FRAZIER. The junior Senator from California [Mr. McAboo] introduced what I think is a very good agricultural bill, a bill providing for the cost of production for the amount used in home consumption, and the sale of the surplus, so-called, after taking care of the normal-granary feature at the world market.

Mr. MINTON. Mr. President, will the Senator yield to me?

Mr. FRAZIER. I yield.

Mr. MINTON. The Senator from New York brought out some very decided disadvantages American wheat has in the world market in comparison with Canadian wheat. Are we to go ahead and produce more wheat so that the farmer can go into the world market and meet this stiff competition which Canada is already giving them in the world market, or shall we cut out that surplus wheat and not have to meet that stiff competition in the world market?

Mr. FRAZIER. Personally, I think the production of wheat will be cut down somewhat. We do not have any great surplus, and there is more of an underconsumption than there is a surplus. I think that is generally admitted as to wheat and corn.

Mr. MINTON. Let me ask one other question, prompted by the repeated statement of the Senator from Oklahoma that the raising of the price of wheat here has the effect of raising the price in the world market. It does not make any difference what price we might fix for our wheat here, it would not have anything to do with the world market price of wheat.

Mr. FRAZIER. That is the general argument, that it does have an effect on the world market but how much it would affect it I do not know.

Mr. LEE. Mr. President, I have understood that to be the whole purpose of the committee bill, particularly as to cotton, so to reduce the production in the United States as to raise the world price, because unless there is the two-price system, we cannot raise the price in the United States without raising the whole world price. I thank the Senator from Indiana for that contribution.

MESSAGE FROM THE HOUSE—MILEAGE APPROPRIATIONS

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a joint resolution (H. J. Res. 525) to make the existing appropriations for mileage of Senators and Representatives immediately available for payment, in which it requested the concurrence of the Senate.

Mr. GLASS. Mr. President, I ask the Chair to lay before the Senate the joint resolution just received from the House, making the mileage already appropriated available for payment at this time.

The PRESIDING OFFICER (Mr. CHAVEZ in the chair). The Chair lays before the Senate a joint resolution from the House of Representatives, which will be read.

The joint resolution (H. J. Res. 525) to make existing appropriations for mileage of Senators and Representatives immediately available for payment was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the appropriations for mileage of the President of the Senate and of Senators and for Representatives, the Delegate from Hawaii, and the Resident Commissioner from Puerto Rico, and for expenses of the Delegate from Alaska, contained in the Legislative Branch Appropriation Act, 1938, are hereby made available for and authorized to be paid to the President of the Senate, Senators, Representatives, Delegates, and the Resident Commissioner from Puerto Rico for attendance on the second session of the Seventy-fifth Congress.

Mr. GLASS. I ask unanimous consent for the present consideration of the joint resolution.

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed.

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. SCHWELLENBACH obtained the floor.

Mr. POPE. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I yield.

Mr. POPE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Radcliffe
Andrews	Donahay	Lee	Russell
Ashurst	Duffy	Lewis	Schwartz
Austin	Ellender	Logan	Schwollenbach
Bailey	Frazier	Loneragan	Sheppard
Bankhead	George	Lundeen	Shipstead
Barkley	Gerry	McAdoo	Smith
Bilbo	Gibson	McGill	Steiwer
Borah	Gillette	McKellar	Thomas, Okla.
Brown, Mich.	Glass	McNary	Thomas, Utah
Brown, N. H.	Graves	Miller	Townsend
Bulkeley	Green	Minton	Truman
Bulow	Guffey	Murray	Tydings
Burke	Harrison	Neely	Vandenberg
Byrd	Hatch	Norris	Van Nuys
Byrnes	Hayden	Nye	Wagner
Capper	Herring	O'Mahoney	Walsh
Caraway	Hitchcock	Overton	White
Chavez	Johnson, Calif.	Pepper	
Clark	Johnson, Colo.	Pittman	
Copeland	King	Pope	

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, a quorum is present.

Mr. SCHWELLENBACH. Mr. President, when the Senate shall proceed to the consideration of the substitute offered by the Senator from Oklahoma [Mr. LEE], I shall take advantage of the opportunity to discuss more at length the

production-control feature of the pending bill. At this time, however, I wish to discuss briefly a suggestion made on last Friday by the distinguished senior Senator from Idaho [Mr. BORAH]. I was very much impressed with the discussion of this measure by the Senator from Idaho, as I always am impressed by his eloquence. I do not care at this time to discuss the criticism which he made of the pending measure, but rather to discuss the proposal which he made at the end of his address at the instance of the senior Senator from Kentucky [Mr. BARKLEY] who requested that he state what he would do in the solution of the agricultural problem.

The Senator from Idaho said:

I would deal with the question of surplus alone. I would not interfere with production, leaving that to the farmer; but I would as a Government, where it was necessary to assist in disposing of these surpluses, take the surplus off the market and separate it from the domestic demand.

Mr. BARKLEY. Would that involve the Government purchase of these surpluses?

Mr. BORAH. It might and it might not. * * *

I do not think the Senator understood my statement. I said that we would issue a certificate for the surplus, and when we used the stuff for the purpose of feeding the poor, and so forth, we would buy it and pay for it.

Mr. BARKLEY. That is, the Government would buy it and pay for it.

Mr. BORAH. Yes; exactly. I would pay out our money to feed the needy rather than pay out our money to make it more difficult to get food.

I wish to discuss this question solely from the point of view of the expense which would be involved to the Treasury if this proposal were carried out.

Mr. President, it is a very simple matter, particularly in the discussion of an intricate problem such as the problem of agriculture, to take any proposal and criticize it and to say that we cannot be for that particular proposal. It is much more difficult to suggest a plan which will work practically. I think, in evaluating the plan which has been presented to us by the senior Senator from Idaho, we should first consider what the cost would be.

There is much discussion these days on Capitol Hill, in the Departments, and particularly in the newspapers, about the question of balancing the Budget. We have been told that there will probably be available to the Congress for the purpose of implementing the proposed legislation the sum of only \$500,000,000 unless new taxes shall be imposed. It is said that it is of supreme importance that we should balance the Budget during the next fiscal year.

So I think it might be advisable, in considering the Senator's proposal, that we find out the cost during the next fiscal year of taking care of the problem so far as our present surpluses are concerned and the cost of taking care of the problem so far as the fiscal year 1938-39 is concerned, which would include the 1938 crop.

I desire to present, first, the figures as to the cost with respect to corn, cotton, and wheat. The carry-over, beginning with the 1937-38 marketing year—this year—is 65,000,000 bushels of corn. Our 1937 production of corn, it is estimated, will be 2,650,000,000 bushels. Our 1937 supply, then, is 2,715,000,000 bushels of corn. We have an estimate of consumption and exports for this year of 2,250,000,000 bushels, leaving a probable surplus on the basis of our present stock of 465,000,000 bushels.

Of cotton we had a carry-over at the beginning of the year of 6,200,000 bales, a production of 18,200,000 bales, making a 1937 supply of 24,400,000 bales, and an estimated consumption and export of 13,000,000 bales, or a surplus of 11,400,000 bales.

In the case of wheat we had a carry-over of 103,000,000 bushels, and a production this year of 887,000,000 bushels, or a 1937 supply of 990,000,000 bushels. The estimated consumption and exports aggregate 685,000,000 bushels, leaving a surplus of 305,000,000 bushels.

I take it, from what has been said here, that it is the purpose and desire of everyone, no matter what he may think of any particular piece of legislation, to secure for the farmer parity. Certainly the Senator from Idaho [Mr. BORAH] would not have our Government pay to the farmer for the purchase of these surpluses an amount under the

amount of parity. I was very much interested in his criticism of the bill the other day because of the fact that he said that the bill froze the farmer to parity, and that he wanted the farmer to get something better than parity. I think it is only right to assume that he and every other Senator, in figuring what he would pay for these surpluses, would pay parity. Upon the basis of the surplus which I have read, it would cost us \$395,000,000 for corn, \$935,000,000 for cotton, and \$357,000,000 for wheat, or a total of \$1,687,000,000, to buy the surpluses which the Senator said we should buy and give away to the poor of the country.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I yield.

Mr. McNARY. Perhaps my inquiry comes too late. I thought the figures the distinguished Senator was giving represented the cost to the Government if the items mentioned in the bill were to receive full parity price. It seems, however, that those figures represent the cost to the Government if we should attempt to purchase the supplies necessary to feed and clothe those in need.

Mr. SCHWELLENBACH. The purpose of the proposal made by the Senator from Idaho [Mr. BORAH] on Friday was to purchase the surplus. He pointed out that one-third of our population was underclad and underfed, and that certainly we needed—I do not remember the figures—the product of many thousand more acres in order to supply those within the country who were underclad and underfed. Therefore, in evaluating his proposal, since he objected most strongly to the provision of the bill, which he said would freeze the farmers at parity, I think we have a right to assume that, if the farmer is to sell the surplus to the United States Government for the purpose of distribution to the poor and the underclad and the underfed, the Government should pay no less than parity for all the surpluses we purchase.

Mr. McNARY. That is the point. The figures given by the able Senator from Washington are based on parity figures as defined in this bill—the full parity price.

Mr. SCHWELLENBACH. Yes.

Mr. McNARY. If the figures are based on full parity price, then could it be argued that if the bill should operate in the fashion that is outlined, it would cost that much money this year; namely, in excess of a billion dollars?

Mr. SCHWELLENBACH. No; there is absolutely no connection between the provisions of the bill and the proposal of the Senator from Idaho.

Mr. McNARY. That is what I am trying to elicit from the able Senator. The Senator from Idaho stated that he would favor buying these surpluses for those in need. That was his proposal. Now the able Senator says that to do so would cost the Government in excess of one billion dollars, based on parity prices as defined by this measure. That is his statement.

Mr. SCHWELLENBACH. Let me answer the question in this way: Before I get through I intend to attempt to show what I think the cost will be under the Pope-McGill bill in comparison with the cost under the proposal of the Senator from Idaho. I would rather finish presenting these figures before going into that phase of the subject.

Mr. McNARY. I shall be glad to give the Senator the opportunity, because a very important proposal is now enunciated.

Mr. SCHWELLENBACH. Mr. President, I take it that when the Senator from Idaho [Mr. BORAH] proposes that the Government shall purchase these surpluses, it is not proposed that the poor people in New York shall go out to Iowa and take up their corn and take it back to New York.

He does not propose that the poor people of the South shall come up into Kansas and North Dakota and collect their wheat and take it back to the South. If these food-stuffs and the cotton are to be made available to those who need them, of course it is necessary that they be transported from the place where they are produced to the place where they are to be consumed. I take it, further, that the Senator would not contend that the Government could take a bale of cotton up into the slums of New York where somebody

was underclad, and simply deposit the bale of cotton in the slum apartment, and that he would not want us to take a bushel of corn or a sack of wheat there. These goods must be processed; and if the Government purchases them from the farmers for the purpose of turning them over to those who need them, the Government must assume the responsibility of paying the cost of transportation, processing, and distribution.

These needy people do not want a bale of cotton. They want a cotton shirt. They do not want a bushel of corn. They want some pork chops. They do not want a bushel of wheat or a sack of wheat. They want bread. If the Government assumes the responsibility for furnishing these things, the Government must assume the cost.

There are many ways of figuring what the cost would be. A survey has been made so far as bread is concerned with regard to the years 1928 to 1932, inclusive. The survey shows that the cost of transporting and processing a loaf of bread was five and one-half times the amount that the farmer received for the wheat which went into the bread.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I yield.

Mr. O'MAHONEY. I am very much interested in the remark the Senator has just made to the effect that all these commodities must be processed before they are available to those who are to consume them. Does not that indicate to the Senator that the most important thing we can do is to provide the means whereby we can, so to speak, hook the production of the raw commodity to the industrial process of manufacturing the raw commodity, so that the persons who are now lacking in housing, in food, and in clothing may have them?

Mr. SCHWELLENBACH. I recognize the importance of what the Senator says. However, I should like to call the Senator's attention to the fact that I am talking under either a 15-minute or a 45-minute rule, and I cannot take time now to discuss that matter in detail.

Mr. O'MAHONEY. I appreciate that fact, Mr. President.

Mr. SCHWELLENBACH. Members of this body will remember that 2 years ago the Senator from South Carolina [Mr. SMITH], the chairman of the Committee on Agriculture and Forestry, told about the percentage of cost of the cotton which went into a \$2 shirt. He explained that 4½ cents of the cost of a \$2 shirt actually went to the cotton farmer. Surveys have been made, figures of which I have just secured, showing that today the amount the cotton farmer receives compared to the cost of the shirt is 5 percent; in other words, that he receives only one-twentieth of the total amount. In the case of overalls, the percentage is 9 percent. The cotton farmer receives a little less than one-tenth of the cost of the overalls. I am not going to take those figures as the basis of my remarks, however, because of the fact that if we should take either the 5½-times figures of bread or the 20-times figures of cotton, they would bring us to a point which it would be impossible even to understand.

A survey has been made concerning 14 food commodities in this country for the period between 1928 and 1932, inclusive, for the purpose of determining typical retail costs to the consumer as compared with the average typical amount that the farmer received for the agricultural products which went into those foods. Those figures show that the cost to the consumer is 2.44 times the amount that the farmer receives. Therefore, when the Senator from Idaho proposes that we should buy these farm products, and when he proposes that we should deliver them to those who are underfed and who are underclad, we are certainly conservative in the light of the wheat figure and in the light of the cotton figure in using this average of 2.44; and I have attempted to work out that calculation. It shows that if the Government should this year buy the present surpluses which I have pointed out, which would cost \$1,687,000,000, and then do with them what the Senator from Idaho proposes, on this year's surplus of corn, cotton, and wheat we should have a cost of \$4,116,280,000. That is on three commodities, corn, cotton, and wheat.

But we are considering the question of balancing the Budget now, during the 1938-39 period. Therefore we

must take the 1938 crop in considering the cost so far as these figures are concerned. Using the average we have had during the past few years of the production of these three commodities—I am not going to read the details as I did with respect to the others, but I shall ask unanimous consent that the entire table be printed in the *Record* at the end of my remarks—we should have the figure of \$319,000,000 that it would cost to buy the corn surplus; it would cost \$410,000,000 to buy the cotton surplus, and it would cost \$320,000,000 to buy the wheat surplus, or a total of \$1,051,000,000 to take care of the purchase of the surpluses of the 1938 crop. Multiply that by 2.44 in order to find the amount it would cost not only to buy these surpluses, but also to process and distribute them, and it will be found that it would cost for the 1938 crop a total of \$2,564,444,000, or a total cost of \$6,680,724,000 for disposing of the three crops of our present surpluses, plus the 1938 surplus of corn, cotton, and wheat alone.

Then if we tell the cotton farmer and the corn farmer and the wheat farmer that the Government is going to buy their surpluses and distribute their surpluses among the poor of the country, we cannot avoid the responsibility of doing precisely the same thing with every other producer of agricultural commodities. I cannot go back home and tell my apple growers that the wheat farmers just a few miles away are having their surplus bought by the Federal Government for distribution among the poor, but no similar provision is made for their apples; and certainly the Senator from Virginia [Mr. BYRD] will agree with me that if the poor of the country want wheat and corn and cotton, they are entitled to apples at the same time. If the poor of the country are entitled to wheat, corn, and cotton, they certainly are entitled to potatoes and to every other food forming part of a balanced diet. Therefore if we are going to take the course which the Senator proposes, we must purchase the surpluses and distribute them.

Figuring at parity prices, it would cost \$612,500,000 to purchase those commodities. They, too, must be distributed. We cannot send the poor people from New York down into Virginia or out into my State of Washington to enable them to get apples. The apples must be transported and must be delivered. Using the same figure of 2.44, we find the cost of the purchase and distribution and processing, if necessary, of these products would amount to \$1,494,500,000, or a total cost between now and the 30th of June 1939, the period in which we seem to be determined to balance the Budget, of \$8,175,224,000.

Senators who are so determined to balance the Budget should be asked to consider these figures in connection with the feasibility or practicability of the proposal of the senior Senator from Idaho [Mr. BORAH].

Furthermore, if the people in the country who grow these crops know that their surpluses are going to be purchased by the Government, if they are going to be so sure there will be no control of production, they are not going to reduce their acreage but will increase it. Not only that but they are going to transfer those acreages from crops which are low-priced to those which are high priced. It would mean that the amount which we would expend in the next year and a half, under the proposal of the Senator from Idaho, probably would be very greatly exceeded by the figures in succeeding years.

Another thing that must be considered in connection with the practicability of the proposal of the senior Senator from Idaho [Mr. BORAH] is that the underfed and underclad people are receiving at the present time some wheat, some bread, some corn, some cotton, and some potatoes. To the extent that they were fed by the Government purchases of surpluses, their own purchases of those items would be eliminated, and we not only would not be able to take care of the situation by the simple process of spending \$8,175,000,000 for surpluses, but we would reduce the amount the farmers themselves would receive through the present method of marketing.

I present these facts and figures so that those Senators who feel that the committee bill is so difficult to understand

and that it should be so easy to make up some sort of a proposal whereby we would not subject anybody to regimentation and would not subject anybody to control on the part of the Government, even to the extent of arguing with them about their crop, may consider where one of the proposals would lead us. This proposal was made in absolute sincerity and good faith, and yet when it is analyzed we find it would result in a cost of \$8,175,000,000, at least, during the next year and a half.

The Senator from Oregon [Mr. McNARY] asked me to say why the committee bill would not result in the same sort of cost. I said I would undertake the perhaps foolishly daring task of saying what I think the committee bill might cost. We can determine the lowest cost of the committee bill by taking 45 percent of the \$500,000,000 conservation payment. In other words, under the bill it is provided that 45 percent of the \$500,000,000 will be continued. Assuming over a period of years, a period of the next 7 years, that the bill shall be in operation and that conditions are just as bad and just as good as they have been from 1930 to 1937, what would be the amount the bill would cost the Government, outside the cost of administration?

The testimony before the committee was that the cost of administration of the soil-conservation program was about 10 percent, of which 7 or 8 percent went to the farmers' committees in the counties. The figures show that so far as actual governmental administration costs are concerned, during the period in which the soil-conservation program has been in existence, the administrative expense of spending \$399,000,000 was \$4,446,000. I give these figures in the light of the statement made here that the administrative cost of these operations is so high. The cost was \$4,000,000 on practically \$400,000,000. The actual administrative cost which has been high was the setting up of the county committees among the farmers themselves. The actual administrative cost by the Federal Government during the soil-conservation program has run only 1 percent.

Mr. LEE. Mr. President, will the Senator yield at that point?

Mr. SCHWELLENBACH. I yield.

Mr. LEE. That does not include the total administrative cost, though, does it?

Mr. SCHWELLENBACH. No. I said it was merely the Federal administrative cost.

Mr. LEE. The Senator means in Washington?

Mr. SCHWELLENBACH. Yes; the part of it that is actually done by the Department of Agriculture.

Mr. LEE. But the actual total administrative cost was 10 percent, was it not?

Mr. SCHWELLENBACH. Yes; of which about 7 or 8 percent was for the county committees themselves in the field.

Mr. PEPPER. Mr. President, is the Senator stating his estimate of what the bill will cost?

Mr. SCHWELLENBACH. I am just starting to do so.

Mr. McADOO. Mr. President, will the Senator yield at that point?

Mr. SCHWELLENBACH. Certainly.

Mr. McADOO. The Senator stated in percentage the cost of administering the Soil Conservation Act. Will he be good enough to state what it is in actual money?

Mr. SCHWELLENBACH. I cannot give the figures exactly. From March 23, 1936, to June 30, 1937, there had been spent a total of practically \$400,000,000. The total administrative expense has run approximately 10 percent, amounting approximately to \$40,000,000, of which only \$4,000,000 was the actual Federal Government expense in Washington.

Coming back to the figures, the average annual value of corn stocks, the actual price during the 8-year period from 1930 to 1937, inclusive, was \$119,000,000 and the parity price \$152,000,000; wheat stocks \$167,000,000, parity price \$218,000,000; cotton stocks \$425,000,000, parity price \$550,000,000; or \$711,000,000 for actual prices and \$920,000,000 for parity prices for the three commodities. If we should have during the next 8 years the same experience we had during the last 8 years, then the cost of the operation under this bill would

be the \$225,000,000 for soil conservation, plus the difference between the average figures as stated, amounting to \$209,000,000, making a total of \$434,000,000; and, assuming the administration cost both in Washington and in the field to be 10 percent, the entire cost would be \$477,000,000.

Mr. LEE. Mr. President, will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Oklahoma?

Mr. SCHWELLENBACH. Certainly.

Mr. LEE. I dislike to interrupt the Senator's line of thought, but the Senator's estimate of 10 percent for the administrative cost was based on the soil-conservation program. Does the Senator mean that the additional program and machinery set up by this bill will not involve an additional cost above what we are already paying under the Soil Conservation Act?

Mr. SCHWELLENBACH. The Senator makes a mistake in saying I base it wholly on the Soil Conservation Act. I said 10 percent of the total amount. Ten percent of \$434,000,000, the total, would be an additional \$43,000,000 to be added to the \$434,000,000.

Mr. LEE. But I understood the Senator to say that the cost of the soil-conservation program was that figure. Did I misunderstand the Senator?

Mr. SCHWELLENBACH. The Senator is correct in raising the question. Before the committee the testimony of a representative of the Department was that the cost of the administration of the two combined would be 10 percent, or approximately the same as the cost of the soil conservation, which was 10 percent; that if we only spend \$434,000,000, it would cost more than 10 or 11 percent for administering it. In other words, we would not spend the whole \$40,000,000 for the Soil Conservation Act and have a new amount for another program.

Mr. LEE. The conclusion is there would be no additional cost of administration?

Mr. SCHWELLENBACH. If the amount of the total payments were not larger than the soil-conservation payments, there would be no appreciable increase in the cost.

Mr. POPE. Mr. President—

Mr. SCHWELLENBACH. I yield to the Senator from Idaho.

Mr. POPE. I ask the Senator from Washington if it is not true that the same machinery, the county committees, State committees, and others who have administered the Soil Conservation Act and administered the old Agricultural Adjustment Act, would be used to administer the provisions of this bill?

Mr. SCHWELLENBACH. That is true. That is the explanation that was made before the committee.

Mr. ADAMS. Mr. President, will the Senator yield to me for a question?

Mr. SCHWELLENBACH. Certainly.

Mr. ADAMS. I perhaps should have heard the Senator's previous statement because he may have answered my question. Will the \$434,000,000 expense which he has mentioned include the portion carried by the Soil Conservation Act which is used for that purpose, or is it in addition to the money which comes from the Soil Conservation Act?

Mr. SCHWELLENBACH. It includes it. There is \$225,000,000 for soil conservation. I am taking an 8-year period and showing the difference between parity prices and actual prices, which is \$209,000,000, in order to make parity payments. This would make \$434,000,000 and the estimate is somewhere around 10 or 11 percent for administrative costs to be added to that figure.

Mr. ADAMS. So if the Appropriations Committee should add some \$209,000,000 it would meet the expectations of the sponsors of the bill?

Mr. SCHWELLENBACH. I want to add just one more statement, and I think it will answer the Senator's question. The figures I have given are over an 8-year period, a pretty diversified period. We have had low years and high years. We have had drought years and big crop years. It seems to me if we look back over the last 8 years, we find it was

a very diversified period. When the Department of Agriculture appears before the Appropriations Committee to ask for appropriations for any one particular year, their figures undoubtedly will be based upon a particular situation that exists in that particular year. But in determining the cost of this bill as permanent legislation it seems to me the average over the past 8 years is a pretty fair basis for figuring the average over the next 8 years.

I said, in the first place, that I think this bill certainly will cost no less than \$225,000,000. That is 45 percent of the \$500,000,000. Taking an 8-year period average as a basis, it will run four hundred and eighty-some million dollars. An individual in the Department of Agriculture in whom I have great confidence, but who is not one who would appear before a committee, has made the statement to me—and because of past experience with him I have reason to rely upon his judgment—that the cost of this bill would not run at any time over \$750,000,000. I have given you the range—a certain low, an average over the period of 8 years, and then the opinion of someone in whom I have confidence as to the possible high.

Mr. ADAMS. The Senator realizes that some of us who have either the fortune or the misfortune to be on the Appropriations Committee not only have an interest in the farm bill, but we are going to be confronted with the financial problem, inasmuch as the bill itself does not specify definite authorizations, but provides that there may be appropriated whatever amount shall be necessary, and then contains in at least two places practically directions that parity payments shall be made.

Mr. SCHWELLENBACH. That question has been argued two or three times, and I do not agree with the Senator regarding the matter.

Mr. ADAMS. I was not asking a question but merely making a statement, so that the Senator would understand that some of us are very much interested, both as Senators generally and particularly as Senators who are going to be confronted with the problem of appropriations when the bill is passed.

Mr. McKELLAR. Mr. President—

Mr. SCHWELLENBACH. I yield to the Senator from Tennessee.

Mr. McKELLAR. I do not know that I correctly understood the Senator. Is it his idea that the appropriations which will be asked for over an 8-year period would be a minimum of \$482,000,000 and a maximum of \$700,000,000?

Mr. SCHWELLENBACH. No; the bill provides that 45 percent of soil-conservation payments shall go on, and it is necessary to assume that there will be that minimum of \$225,000,000 for soil-conservation payments. My figure of \$482,000,000 is based upon an experience of 8 years.

Mr. McKELLAR. So that instead of being a \$482,000,000 low and a \$750,000,000 high, the Senator is of the opinion that the average amount to be appropriated each year will be \$482,000,000?

Mr. SCHWELLENBACH. Yes. If the bill should work out perfectly, assuming that as the result of the operation of the bill the farmers through the course of the market would get parity prices and there would be no necessity for parity payments, the cost to the Government would be \$225,000,000 plus the expense of administering that \$225,000,000.

Mr. McKELLAR. I think unquestionably the passage of the bill will have the effect of increasing the price of farm products. I have not any doubt in the world about that; but it seems to me we ought to be very careful about the amount of appropriations. Five hundred million dollars, of course, is a large sum. Four hundred and eighty-two million dollars is a large sum, and we should be careful about fixing the amount. I believe that as soon as the bill is passed it will have a beneficial effect upon the price of farm products.

Mr. PEPPER. Mr. President—

Mr. SCHWELLENBACH. I yield to the Senator from Florida.

Mr. PEPPER. Do I correctly understand the Senator from Washington as stating that in addition to the part of the money available to farmers under the Soil Conservation Act an additional sum somewhat in excess of \$209,000,000 will be available under this act? Is that correct?

Mr. SCHWELLENBACH. The \$209,000,000 is an average. Assuming that the bill had been in operation for the past 8 years, that is what the amount would have been.

Mr. PEPPER. So the additional amount that the bill will appropriate is only a little over \$200,000,000, according to the 8-year average that the Senator has estimated? Only a little over \$209,000,000 more than has heretofore been available under the Soil Conservation Act, then, will be available under this bill?

Mr. SCHWELLENBACH. I do not think the use of the words "will be available" is a proper use. Assuming that the act had been on the statute books for the past 8 years, and it had had no effect at all upon the market, but had just been there, that is what it would have cost over an 8-year period.

Mr. PEPPER. Does the Senator think an additional sum of even \$250,000,000 is going to pull agriculture out of the plight in which it has languished for the past few years and is at present languishing?

Mr. SCHWELLENBACH. I think this bill affords the best opportunity that has been given to agriculture to be pulled out of its plight. I do not think anybody is going to stand here and guarantee that any bill will pull agriculture out of its plight. A number of bills dealing with this question have been passed here since 1920. Many distinguished Members of this body who are much more experienced than I am have sincerely thought that those bills would solve the problems of agriculture, but they have not solved them. This bill is a sincere effort upon the part of those of us who believe in the theory and philosophy of the bill to make use of this sort of legislation to assist agriculture.

Mr. PEPPER. Am I correct in stating that the fundamental philosophy of this bill is crop-control supplemented by a subsidy from the Federal Treasury?

Mr. SCHWELLENBACH. Yes; but I again call the attention of the Senator to the fact that I am trying to save some of my time. I have only 4 or 5 minutes left, and I do not care to discuss the general provisions of the bill in this particular space of time.

Mr. PEPPER. I beg the Senator's pardon, and I thank him for yielding to me.

Mr. SCHWELLENBACH. I am going to talk when the Senator from Oklahoma [Mr. LEE] presents his substitute.

Mr. President, I ask unanimous consent to have inserted in the RECORD at the conclusion of my remarks two series of tabulations upon which the figures I have given are based.

There being no objection, the tabulations were ordered to be printed in the RECORD, as follows:

Some miscellaneous surpluses that might be found

	Value	
	Current prices	Parity prices
Oats, 225,000,000 bushels.....	\$90,000,000	\$118,000,000
Barley, 45,000,000 bushels.....	28,000,000	37,000,000
Rye, 10,000,000 bushels.....	7,000,000	9,500,000
Rice, 10,000,000 bushels.....	8,000,000	10,500,000
Buckwheat, 1,500,000 bushels.....	1,000,000	1,500,000
Cr. Sorghums, 10,000,000 bushels.....	12,000,000	16,000,000
Flaxseed, 750,000 bushels.....	1,000,000	1,500,000
Soybeans, 7,500,000 bushels.....	6,000,000	7,500,000
Dry beans, 2,250,000 bags.....	7,500,000	10,000,000
Cottonseed, 2,275,000 tons.....	50,000,000	66,000,000
Potatoes, 42,000,000 bushels.....	29,000,000	38,500,000
Sweetpotatoes, 7,500,000 bushels.....	6,500,000	8,500,000
Hay, 10,000,000 tons.....	118,500,000	156,500,000
Tobacco, 75,000,000 pounds.....	15,000,000	15,000,000
Peanuts, 250,000,000 pound.....	12,000,000	15,500,000
Apples, 40,000,000 bushels.....	38,500,000	61,000,000
Peaches, 10,000,000 bushels.....	35,000,000	50,000,000
Citrus fruit.....		
Truck crops.....		
Total.....	465,000,000	612,500,000

Some miscellaneous surpluses that might be found—Continued
1937

	Corn	Cotton	Wheat
Carry-over, beginning of 1937-38 marketing year.....	Bushels 65,000,000	Bales 6,200,000	Bushels 103,000,000
Production, 1937.....	2,650,000,000	18,200,000	887,000,000
1937 supply.....	2,715,000,000	24,400,000	990,000,000
Estimated consumption and exports, 1937-38.....	2,250,000,000	13,000,000	685,000,000
Surplus which might be purchased, 1937.....	465,000,000	11,400,000	305,000,000

Value of purchasable surpluses at current farm and parity prices

	Current farm value		Current parity value
Corn (48 cents per bushel).....	\$223,000,000	Corn (85 cents per bushel).....	\$395,000,000
Cotton (7.7 cents per pound).....	439,000,000	Cotton (16.4 cents per pound).....	935,000,000
Wheat (82 cents per bushel).....	250,000,000	Wheat (\$1.17 per bushel).....	357,000,000
Total.....	912,000,000	Total.....	1,687,000,000

1938

Assuming acreages at levels which have prevailed in the fairly recent past:

Corn: 110,000,000 acres×25 bushels	average yield=2,750,000,000 bu.
Estimated normal disappearance=2,375,000,000 bu.	
Surplus	375,000,000 bu.×parity= \$319,000,000
Cotton: 45,000,000 acres×0.4 bale	average yield= 18,000,000 bales
Estimated normal disappearance= 13,000,000 bales	
Surplus=	5,000,000 bales×parity= \$410,000,000
Wheat: 80,000,000 acres×12 bushels	average yield= 960,000,000 bu.
Estimated normal disappearance= 685,000,000 bu.	
Surplus=	275,000,000 bu.×parity= \$322,000,000
Total value surplus at parity=	\$1,051,000,000

Mr. RUSSELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Georgia?

Mr. SCHWELLENBACH. I do.

Mr. RUSSELL. Did I correctly understand the Senator to say that over the 8-year period just past the bill as written would have cost the National Treasury, on an average, only \$439,000,000 per annum?

Mr. SCHWELLENBACH. Plus administrative costs of about 10 percent.

Mr. RUSSELL. Last year's appropriation under the Soil Conservation Act was \$500,000,000; so it is the theory of the Senator from Washington that if this bill passes, it will eventually result in a saving to the National Treasury over the appropriations that are at present made for soil-conservation purposes?

Mr. SCHWELLENBACH. If the bill succeeds in doing what it is intended to do, it will reduce the amount to \$225,000,000, plus 10 percent of that amount for administrative costs. In other words, if, as a result of crop control, marketing agreements, and things of that kind, it is possible to bring the prices of these agricultural products up to parity, the amount of the appropriation will be limited to the soil-conservation payments.

Mr. RUSSELL. But the farmer would actually receive less money from the Federal Treasury than he does today under existing legislation for soil-conservation practices?

Mr. SCHWELLENBACH. Yes; but he would be getting parity prices for the products he produced. The amount he received as soil-conservation payments would be reduced, but the actual prices he received for his products would be very much more than he would lose as a result of reduction in soil-conservation payments.

Mr. McNARY. Mr. President, I do not wish to intrude on the Senator's time. As I understand, he is speaking on the bill. Has he exhausted his time on the amendment?

The PRESIDING OFFICER. The Senator from Washington has 2½ minutes on the amendment and the bill.

Mr. McNARY. There will be no restriction, as I understand, when the substitute bill is up. At that time I desire to discuss this subject.

Mr. BARKLEY. Mr. President, in that connection I desire to say that it was not intended that during the debate on the bill and amendments any Senator could speak for an unlimited length of time on the substitute. The substitute has not as yet been offered, and cannot be offered until action has been taken on the provisions of the pending bill; and it was my understanding that the exemption of the substitute from the limitation applied to the time when it is offered, not now.

Mr. SCHWELLENBACH. I realize that. I am not going to discuss the substitute at this time.

Mr. McNARY. I desired to discuss with the Senator what I call indisputable facts concerning the cost of the bill if it is to operate in the fashion intended; but, inasmuch as the Senator has only 2 minutes left, I shall do that in my own time. I desire to have the Record indicate here, however, that the figures which the Senator has given are not at all acceptable.

The PRESIDING OFFICER. The time of the Senator from Washington has expired.

Mr. BORAH. Mr. President, I understand that we are now considering an amendment.

Mr. McNARY. Yes.

The PRESIDING OFFICER. The question is on agreeing to the first committee amendment.

Mr. BORAH. The Senator from Washington [Mr. SCHWELLENBACH] feels fairly accurate, I take it, in his own mind, as to the cost which would be incurred in case we should undertake to deal with the surplus; but we are all woefully inaccurate when we come to deal with the question of how much this bill will cost.

I venture to say there are no accurate figures even approaching the sum total of the cost of this bill; and I venture to say, further, that if we should confine the expenditures under the bill to the figures which the able Senator from Washington has submitted as the figures which in his opinion will be the cost of the bill, it would be the greatest disappointment to the farmers of the country that they have ever had in all their experience in disappointment with reference to legislation. If we are going to add only two hundred or two hundred and twenty-five million dollars to the amount at present appropriated for taking care of the farmer, Senators can imagine the disappointment of agriculture when the bill shall have been put into operation.

We do not know how much the bill will cost, and we cannot estimate what it will cost or what the proposal I suggested would cost in mere dollars and cents. In other words, dollars and cents do not tell the story. If we continue to destroy foodstuffs and continue to let people go hungry, you must include in your costs the depletion of the physical men or women, and especially children. When we undertake to estimate what crop control costs, we must go further than the mere question of dollars and cents; and I will give a simple illustration from a paragraph in a letter which I received this morning from a cotton grower in South Carolina. He says:

I have farmed all my life, 40 years, mostly cotton; and I am frank to say that the control features of the past few years have practically cleaned up the small farmer down here. I have voluntarily reduced acreage and also made an honest effort to comply with the control plans in the past, but since 1935 I have cut loose from the thing. I do not feel that I should be forced or bought over by payments.

In the opinion of this man, the bill would destroy the small cotton grower of the South.

I had to sell two of my farms last year because the farm regulation limited me to only two bales per plow, and the tenant can't live on that, to say nothing as to what the landlord may get for actual expenses. It left me without a single dollar for revenue or my own family expenses; hence, the land had to go. If that is not confiscation by indirect methods, then I do not know what it is.

We are informed that when the cotton-control bill went into operation several years ago, it was advertised throughout the country by newspapers which made an investigation of the subject that over 200,000 crop tenants or sharecroppers were turned on the highway.

Mr. BANKHEAD. Mr. President, I should like to have some authentic proof to support that statement.

Mr. BORAH. I will get it for the Senator. I have not it here, but it was published.

Mr. BANKHEAD. All right, sir. I should like to have it, because, without proof, I deny it.

Mr. BORAH. I assumed that the Senator would deny it, because I take it that he believed in that legislation.

Mr. BANKHEAD. I live down there. The Senator from Idaho lives several thousand miles away. I know what happened.

Mr. BORAH. I live several thousand miles away, but I read.

Mr. BANKHEAD. If the Senator will examine the report for 1935, he will find that the cotton section was the only section of America where farm tenancy was not increased.

Mr. BORAH. Articles were published throughout the North, signed articles written by persons who made investigations in the South, and those articles gave the figures. Upon those I am relying. I, myself, know nothing about the subject, but I think what I have just read from the letter is a pretty good illustration of what happened. That man also lives in the South. He produces cotton. I do not know whether the Senator from Alabama does or not. The Senator from Washington is interested in balancing the Budget.

Mr. SCHWELLENBACH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Washington?

Mr. BORAH. I should like to yield, but I have only 15 minutes.

Mr. SCHWELLENBACH. I do not want anyone to get a false impression concerning my attitude as to balancing the Budget.

Mr. BORAH. Very well; if I have misrepresented the Senator, I yield.

Mr. SCHWELLENBACH. I do not want my silence to lead to any false impression as to my attitude about the balancing of the Budget. I am not in favor of balancing the Budget at the expense of the people of this country.

Mr. BORAH. Very well; the Senator and I are in absolute accord. I understood the Senator to say that we were now interested in balancing the Budget, and that the program was to balance the Budget in 1938, and that he was opposed to feeding the hungry in this country because it would keep in unbalance the Budget. Was I correct in that?

Mr. SCHWELLENBACH. Will the Senator yield?

Mr. BORAH. I yield.

Mr. SCHWELLENBACH. I think the Senator very definitely misunderstood my position. I said there were many newspapers and magazines, many people in the city of Washington, and many Members of this body, who seem to be very much interested in balancing the Budget between now and June 30, 1939, and that I was presenting these figures for the benefit of those Members of this body who were so interested in balancing the Budget, so that they could see the cost of the proposal.

Mr. BORAH. I misunderstood the Senator. I got the impression that the newspaper articles and magazines had persuaded the Senator that we ought to balance the Budget, so I misunderstood him. Now, the Senator and I are agreed that we ought not to give too serious consideration to that iridescent dream about balancing the Budget while people are hungry in this country. I recognize the necessity of balancing the Budget if we can, under all conditions and under proper principles. I think it is a sound thing to do. But, as I said in 1930 in this Chamber when we were first considering the matter of feeding the hungry in this country as against the proposition of letting those who are in

need by no fault of theirs go hungry, I am not in the least concerned about balancing the Budget of the Federal Treasury. We will have to meet and discharge this duty, whether we continue to have an unbalanced Budget or not.

The Senator thinks this would cost some three or four or five billion dollars, perhaps six billion. We are building houses at the cost of millions of dollars in which people are to live. Is it more important to have a home than it is to have something upon which to live? It is now proposed that \$16,000,000,000 be expended, which the Government in a large measure is to guarantee, for the purpose of building homes in the United States. Is there any reason in the proposal of building homes for those who are in such a condition that they cannot occupy the homes except in hunger, or is there any sense in homes being built for those who do not need them? Are we building homes for the poor, the needy, the poverty stricken, or are we building homes for those who do not need the help of the Government? If we are building homes for those who need the help of the Government, then certainly it is up to us to see that they are fed and clothed when they get into these charity homes.

Mr. President, I, myself, do not know what the pending bill will cost. I profess no ability along the line which one would have to have in order to determine that question. But I have had it carefully considered and carefully weighed and carefully estimated by people who are in a position to know, if it can be known accurately at all, and by people whose business it is to make estimates concerning such things, and if the bill amounts to anything at all in the way of establishing a parity price, it will cost the Government of this country at least \$1,500,000,000. I do not say it will cost that much, because the administration may never carry out the measure along the line proposed, but I say that if the principle laid down in the bill shall be carried out, it will cost at least \$1,500,000,000.

I would a good deal rather spend \$1,500,000,000, and I think everyone would, or even \$2,000,000,000, for the purpose of taking care of those who are in actual need, than to spend a billion or a billion five hundred million making it more difficult, through reducing the production of foodstuffs, for them to get that which they actually need.

Since my remarks of last Friday I have received something over 2,000 letters and telegrams from people in this country who are in a condition of need, of poverty. Some of these cases are pitiable beyond language to describe. We have to take care of these people, we cannot avoid taking care of them, and, in my opinion, if we should put together what it is conceded this bill will cost, and what we have to expend anyway to take care of the poor, the proposition which I have submitted would come within the figures of what the bill will cost and that which we will have to expend anyway in taking care of the poor.

Mr. President, I do not think that at this time I shall speak of another feature of this matter which I shall wish to discuss in connection with another amendment in the bill.

COINAGE OF SILVER

Mr. PITTMAN. Mr. President, the singular, coincidental editorials which are now appearing in the large newspapers of the East have very much the appearance of canned propaganda. As I review the selfishness of these editorials I think it might as well have been said in the Bible, if wealthy newspapermen had been known in that day, that it is harder for the very wealthy owner of a newspaper to enter the Kingdom of Heaven than it is for a camel to go through the eye of a needle.

During no period of deflation, when their money was increasing in value at the expense of commodities and labor, have we heard one of these great, wealthy owners of newspapers declare that it was endangering the soundness of the currency of our country. At the beginning of the Harding administration, when President Harding declared for merciless deflation, which was followed by merciless deflation, never once did we hear the wealthy owners of the great

metropolitan papers complain. Yet it was perfectly evident to them that deflation was increasing the value of their money in comparison with commodities and labor, and relatively depreciating the value of commodities and labor. But today the same newspapers are crying out against the threat of inflation.

Let me read just a few paragraphs from an editorial appearing in the Washington Post on December 6. The editorial is entitled "Time to End Silver Subsidy," and in part reads:

In December 1933, President Roosevelt fixed the buying price of domestically produced silver at 64½ cents per ounce, raising it under later orders to the present rate of 77.57 cents. As this buying proclamation will expire at the end of the year, speculation is rife as to the outlook for a continuation of the present heavy subsidies.

At the end of the editorial we find this statement:

And it has brought great quantities of unneeded silver into our Government vaults, leading to excessive issuance of silver certificates against this overvalued metal. As monetary experts have warned, such operations help to inflate the country's currency system and constitute a threat to monetary stability.

Mr. President, let us remember that this editorial states that this proclamation was issued in 1933. It was issued under the act of Congress of 1933, which authorized the President of the United States to coin silver on such ratio to gold as he might fix, and to charge whatever seigniorage for such service as he might see fit to charge. He finally fixed 40 percent of the silver as a seigniorage, giving to the miners 60 percent of the silver. The Government took 40 percent of the silver for coining it into silver dollars and circulating it, when the actual cost was only 1 cent per dollar.

We hear talk of a subsidy. Let us see just exactly what inflation there was under the act to which I have referred, and let us also see what the subsidy amounted to. In 3½ years—that is, from December 21, 1933, to June 30, 1937—the Government has acquired of American-produced silver only 151,834,000 ounces. It has paid for that silver, if we count the 60 percent of the silver it gave to the miners, an average of 74¾ cents an ounce, or a total of \$112,705,000. It has issued silver certificates to the amount of \$112,705,000. Can that be called a tremendous inflation of our currency?

Now, let us proceed to the question of a bonus. The only thing that could be called a bonus in this matter is the increased price paid for American silver above the price for which foreign silver could have been purchased. The Government paid \$112,705,000 to the American miner. It could have purchased that silver during that period of time for an average of 44¾ cents an ounce, or for the sum of \$67,905,000. In other words, the miner received in 3½ years \$44,760,000 more than the world price of the same silver. In other words, only \$12,788,570 annually.

Let that be called a bonus, if you please; let it be admitted that the Government gave the miners a bonus of \$12,788,000. Do the gentlemen who publish these articles take into consideration the fact that at the time the act took effect silver was 25 cents an ounce, that lead was below 4 cents a pound, that zinc was below 4 cents a pound, that copper was below 7 cents a pound?

Do they take into consideration the fact that by virtue of those prices at that time two-thirds of the copper, lead, and zinc mines in this country were closed down, and that the chief working mines were running on 20-percent capacity?

Do they take into consideration the fact that there were 400,000 human beings on the relief rolls by reason of the closing of those mines and the reducing of the capacity of the other mines? Not at all.

Do they take into consideration the fact that when the Government increased the price of silver to 77½ cents, by reason of the fact that it was associated with copper, lead, and zinc in the ores these mines commenced to resume operations?

Do they take into consideration the fact that during the next 2 years 400,000 miners and dependents were put back to the best and highest paid work in this country?

Do they take into consideration the fact that that normal, high-priced work of 400,000 people and dependents, even at a bonus of \$12,000,000 a year, was the cheapest relief ever furnished in this country?

At this point, Mr. President, let me insert a tabulation of the transaction under the act.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Newly mined domestic silver acquired from Dec. 21, 1933, to June 30, 1937

Quantity.....	ounces.....	151,834,000
Total cost to the Government at average of 74.2 cents an ounce.....		\$112,705,000
Value, figured at 44½ cents an ounce (present world price).....		\$67,945,000
Difference in value between world price and domestic price.....		\$44,760,000
Average difference in value per year between world price and domestic price.....		\$12,788,570
Circulating value at \$1.29 an ounce.....		\$195,865,860
Profit accruing to the Government through seigniorage.....		\$83,160,860

Present reserve requirements of member banks of the Federal Reserve are 40 percent in gold certificates against notes in circulation and 35 percent in gold certificates (lawful money reserve) against deposits.

The Federal Reserve System has now in circulation..... \$4,279,000,000
Deposits in member banks..... 7,542,000,000

Total..... 11,821,000,000

Present reserve..... 9,454,000,000
Approximately 80 percent.

Mr. PITTMAN. Mr. President, if the miners to whom I have referred are thrown back on the relief rolls, does any think they can be compensated for their lack of employment by any such sum as \$12,000,000 a year?

But it is said, "How do you know that that is going to happen again?" Because we know it did happen in 1931 and 1932. Because the largest mining companies in this country, the representatives of the greatest copper companies, of the largest lead companies, and of the largest zinc companies, have stated time and time again publicly and recently that if the price of copper and lead and zinc falls much lower—and there is nothing to indicate that we can stop it or that it will stop—then they must close unless they can depend upon the value of the silver metal that is associated in the rock with the lead and the zinc and the copper.

Mr. President, it is shown by the Governor of Utah, in his statement to the President of the United States, that 47 percent of the people of the State of Utah depend absolutely upon the mining industry for a living. When the mines close down not only do the 400,000 who are directly interested in the mining lose their income, but the workers who supply steel, power, lumber, trucks, and machinery, from other States lose employment. In addition to that loss of income, there is the loss of the taxes that go into the State collected upon the bullion and metal produced. This lost revenue must be made up from increased taxes upon land and the farmer. The figures I gave the Senate is 400,000 miners and other direct dependents. I do not give the figures of those who are incidentally employed in supplying material and transportation.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. Was the silver policy proposed as a relief measure?

Mr. PITTMAN. The silver policy with reference to American-produced silver, so far as I am personally concerned, was urged upon the President originally as a policy to keep our mines open. If I had been urging it from a monetary standpoint at that time I would have urged that the price of silver be fixed at \$1.29, the circulating parity price. But I never did anything of the kind. Nor at the present time am I urging the President to increase the price of silver. I feel this way about it, and feel so sincerely, so

strongly that I hope my sincerity will be believed. I am confident that as copper approaches 7 cents a pound and zinc and lead 4 cents a pound, that with the increased cost of materials in this country these mines must and they will have to close, and those which do not close, which feel it necessary to keep open, as a great many of our companies did for various reasons, largely to hold their regular employees, will go down to 20-percent-production capacity. We cannot do a thing that I know of to keep the price of copper, lead, and zinc from falling. There is nothing that I know of by which we can raise it. But it does happen that in nature silver is rarely found separately. Three-fourths of the silver produced in this country is produced as a byproduct of the mining of copper, lead, and zinc. Therefore, when we consider a property like the Anaconda Copper Co. property in Butte, Mont., which employs thousands of men, and which during the depression was running on a 20-percent-capacity basis, with copper ore—

The PRESIDING OFFICER (Mr. TRUMAN in the chair). The time of the Senator from Nevada on the amendment has expired.

Mr. PITTMAN. I will take my time on the bill.

The Anaconda Co.'s ore runs only 2½- or 3-percent copper. They are operating their mining down three or four thousand feet, in water. The ore is very difficult and expensive to mine. But fortunately that ore carries about 3 ounces of silver. It was the 3 ounces of silver which kept the company going when operating at 20-percent capacity. Three ounces of silver at 25 cents an ounce, the price in 1931 and 1932, represents only a dollar in silver value. At that price it could hardly keep the mine open and operating if the value of the other metals was low. But at 77 cents an ounce it represents \$3 in value to the ton of rock mined. That value will keep the Butte mines open even when copper goes down to 7½ or 8 cents a pound, and we want them open. There are no industries in the State of Montana to speak of except mining and stock raising. There are none in my State of importance except mining and stock raising. When the mines are destroyed a burden is placed on the land and on the farmers which they cannot stand.

It was astounding to me that these figures were presented by the statistician from the University of California—which the Governor used—that 47 percent of the people of the State of Utah depend on mining. That is a tremendous proportion. In our State it is even larger, because our agricultural production is very small and it is only incidental to the stock-raising business. The percentage of the people depending on mining in Nevada is larger than the percentage in Utah.

Mr. President, I do not think we can afford to trifle with a question like this. If I were giving only my opinion about it, Senators could question it in their own minds, or in any other way, but I ask them to take the opinions of others. Take the opinions of the statisticians of the Anaconda Copper Co. That company has its own statisticians. Take the opinions of the statisticians of the Phelps-Dodge Co. That company has its own statisticians. Take the opinions of the Nevada Consolidated Copper Co. Take the opinions of the statisticians of the Utah Copper Co. Those are the great mining companies of this country. If any company can exist on a low price of metal, they can. The hundreds of thousands of little independent concerns, which cannot buy their materials wholesale, will go out of existence first if the price of silver is reduced.

Mr. VANDENBERG. Mr. President, will the Senator again yield to me?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. The Senator is basing his plea very frankly on relief necessity. Is there any possible relationship between the argument he now makes and the requirements of law that silver shall be purchased until it reaches one-third of our gold supply?

Mr. PITTMAN. It has no connection at all. I am not debating the Silver Purchase Act at this time. The act which this newspaper article says should be repealed, or the proclamation under that act, deals only with American production. That is all I am speaking of. With the falling market prices of some metals, which we cannot stop, it would be a catastrophe if the price of other metals was drawn down with them.

Mr. VANDENBERG. In other words, the Senator is not discussing that phase of it?

Mr. PITTMAN. Not at all.

Mr. TOWNSEND. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. TOWNSEND. Has the Senator the figures available of the purchases of silver made by the Secretary of the Treasury from Mexico and China and other countries?

Mr. PITTMAN. I have all of those figures, and I shall be prepared to discuss that question separately if it becomes material. That deals with an entirely different act.

I say that this question happens to be exceedingly material at the present moment, because the President has given notice that the minting of American silver under the Agricultural Act of 1933 will cease on January 1. That is the reason I am taking this occasion to answer these editorials.

Let me turn to another phase of the subject. It is charged in the newspaper article that this is a dangerous inflation. Let us see if it is a dangerous inflation. In three and one-half years, it has added \$112,705,000 in silver certificates to our currency, which currency today totals \$6,555,101,269—\$112,000,000 as against that great sum! Is that a dangerous inflation?

Let us see exactly where we stand with regard to deflation at the present time. No one mentions deflation. Here is a report from the Federal Reserve Board. The Federal Reserve system now has in circulation \$4,279,000,000. Deposits in member banks, \$7,542,000,000, making a total of \$11,821,000,000. What are the reserves against that? Present reserves \$9,454,000,000, or approximately 80 percent.

When they speak about six and one-half billion dollars of currency being in circulation they mean that it is not in the Treasury, but the report shows that while it is not in the Treasury, 80 percent of it is in the banks. The law requires the banks to carry 40 percent of their deposits in currency reserves, but the banks are carrying 80 percent.

Is there no deflation today in circulating media? It is admitted that 90 percent of our circulating media consists of drafts and checks. What is the effect of those drafts and checks on deposit, so far as our circulating media is concerned, when 80 percent of all currency is held in reserve? Is it in circulation. Oh, no; it is not in circulation. It clearly proves the deflation in credits.

Mr. President, has anyone talked about that deflation? Has not our Government done everything it could to increase that deflation on the one hand, while talking about reducing it on the other? Does not the Federal Reserve Board know that in doubling the required reserves it deflates credit, while on the other hand our Government through other departments attempts to inflate credits by guaranteeing loans through the Federal Housing Corporation? The fact remains that there has been a deflation aided by our Government as was done under the Harding administration. And now there is a thought of reinflation by letting out the credit of our Government through various building schemes and guaranties. The fact remains that there has been a period of deflation in the last 4 months, and during that time the value of money has increased, and the price of commodities has fallen in relation to it. Credit has tightened up enormously in the last 4 months. Now when it is proposed to allow the Government to continue with the policies that resulted in the employment of 400,000 miners, the discontinuation of which will, in the opinion of the great mining statisticians, mean the return of 400,000 miners and their dependents to the relief rolls—we hear the cry, "Dangerous inflation of our currency."

Mr. VANDENBERG. Mr. President, will the Senator yield to me again?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. While the Senator denies any purpose to discuss the Silver Purchase Act at the present time, is it possible, may I ask, to consider a continuation of the domestic purchase of silver at the 77-cent price level without also considering simultaneously the question of whether we shall continue to buy the silver of the world at 45 cents?

Mr. PITTMAN. I do not think it has any relation whatever.

Mr. VANDENBERG. I have very great respect for the Senator's opinion, but it seems to me that the entire silver situation with respect to the Treasury should be canvassed in order to get the sum total of the situation, because surely there is a point at which this thing could be overdone, is there not?

Mr. PITTMAN. There certainly is no point at which it can be overdone when the policy of coinage under the act I am talking about results in an increase of only \$112,000,000 in 3½ years.

Mr. VANDENBERG. The Senator is now discussing domestic purchases. What is the grand total purchased during the same years? I am not seeking to be controversial.

Mr. PITTMAN. I understand. I have read attacks in the newspapers on the particular matter of the coinage of silver under an act of Congress, not under the Silver Purchase Act, but under another act of Congress. I do not desire to confuse the two questions. I should be very happy to discuss the whole question at another time, but I say this attack on what has been done under the Agricultural Adjustment Act of 1933 is unjust. The bonus amounts to nothing because the Government out of these very purchases has made \$83,160,000. The Government has made that much out of the purchase of the 151,000,000 ounces.

Mr. VANDENBERG. Will the Senator permit a further observation?

Mr. PITTMAN. Certainly.

Mr. VANDENBERG. I hope before a final decision is made the Senator will discuss the whole subject in respect to the purchase of silver, and the Silver Purchase Act, because in my mind I cannot completely quarantine these features as the Senator is doing this afternoon.

Mr. PITTMAN. The newspapers were attacking the subsidy and they were attacking it as inflation. I have answered as to the subsidy. I have answered as to inflation. It is charged that it is not well secured. The Government has 151,000,000 ounces of silver against \$112,000,000 of silver certificates issued. It has not used \$83,160,000 worth of it because it charged itself with that profit, but it is there to use as a security for the \$112,000,000 of certificates. When we put it behind those certificates, we will have more security behind those certificates than behind any other currency.

Mr. VANDENBERG. Are those issued at the purchase price or at the price of \$1.29?

Mr. PITTMAN. They are issued on the same basis as other silver certificates. There is three-quarters of an ounce of silver in a dollar, which makes it, per ounce, \$1.29. They have issued \$112,000,000 of those certificates, because that is the price paid for the silver. That is 40 percent of the total value. But they still have the 60 percent of the silver in the Treasury, unissued, as security for those silver certificates if their value should ever be questioned.

Mr. LEWIS. Mr. President, may I ask a question of the Senator from Nevada, who is elaborating a very important question and, I may add, in a manner I do not think any other Senator could excel? After these men were put back to work by the aid of what is called by the able Senator from Michigan relief, when they went to work, did not their work produce from the mines some metals of different kinds?

Mr. PITTMAN. These miners, in addition to producing 151,000,000 ounces of silver, produced thousands of pounds

of lead, zinc, and copper which were associated together in the rock with the silver.

Mr. LEWIS. Did not that material itself have a market?

Mr. PITTMAN. I think that it not only added to the total wealth of the country but the metals produced have paid taxes to local, State, and Federal governments.

Mr. LEWIS. In the final result, does it not offset the full amount they got as relief?

Mr. PITTMAN. I take it the taxes alone that have been recovered are greater than the \$12,000,000 which is called a subsidy.

Mr. LEWIS. That is the way it appeals to me.

Mr. ADAMS. Mr. President, will the Senator allow me to comment on some of the relief figures which resulted?

Mr. PITTMAN. Certainly.

Mr. ADAMS. If I understand the figures correctly, it is estimated 400,000 men were kept off of relief by keeping the mines open.

Mr. PITTMAN. Just as miners and direct dependants.

Mr. ADAMS. Yes; that is, just in getting the material out of the mines. It cost at least \$800 per person per year for the relief expenditure. That would be \$320,000,000 a year to take care of those 400,000 men. Taking a period of 3½ years, an amount exceeding \$1,120,000,000 would be saved the Government in relief expenditures at the cost of a subsidy of some \$40,000,000.

Mr. PITTMAN. That is correct. The total subsidy, if we may call the difference between the world price and the domestic price a subsidy, was \$44,760,000 in 3½ years. It is called a subsidy only because the Government took 40 percent of the metal instead of taking 60 percent of it. That is the only reason why it is called a subsidy. They did not give anything. They took something.

A subsidy is spoken of. I have voted for subsidies and I shall probably have to vote for them again much as I dislike to do so. I have voted for tariff subsidies for 25 years. I have attempted to have them moderated to the extent that would equalize cost of production abroad and at home. Whether or not I have been successful I do not know, but I do know that a tariff is a subsidy to the manufacturer. I realize that subsidies are being paid to the farmer and are expected to be paid, in order that the industry may continue. Here is the smallest subsidy, if it is desired to call it a subsidy, that was ever granted to an industry. Here is a subsidy the payment of which does not require a tax. Here is a subsidy in relation to which the Government charges itself with a profit of 51 cents an ounce.

Mr. BORAH. Mr. President—

Mr. PITTMAN. I yield to the Senator from Idaho.

Mr. BORAH. To make it a little more explicit, how much has the Treasury actually paid out in the way of cash?

Mr. PITTMAN. It has not paid out a cent in cash. It has given the miner a certificate for \$112,000,000 in exchange for 151,000,000 ounces of silver and it has all of the 151,000,000 ounces of silver.

But this is too serious a matter to have it covered with a smoke screen or to go outside of this particular question involved, for in the last several days the managers of some of the largest mines in the country—who never came to me before because I do not represent their interest except incidentally—have stated to me that falling prices of copper, lead, and zinc threaten to close their mines, and the only thing they can possibly hold on to is a continuation of the price of silver which they are able to produce from their mines. Every farm bureau in the West has certified, every farm bureau in the West has stated, that if we abandon this policy, if we take employment away from the miners, their local markets will not only be destroyed, but the taxes that could be paid from these areas by the miners will be thrown on the land and on agriculture. I assume they are speaking truthfully and sincerely. I know that the big mines, who can work more cheaply than the other mines, are threatened with being closed down and that hundreds of little mines, operated by men who are leasing and paying a royalty, will go out of existence first.

Mr. BORAH. Mr. President, I desire to submit a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BORAH. In dealing with the amendments to the bill, assuming that there may be some amendments to be offered to an amendment, must we offer those amendments to the amendment now or after the amendments now pending are adopted may they be amended later?

The PRESIDING OFFICER. Any amendment to the amendment should be offered before the amendment itself is disposed of.

Mr. THOMAS of Oklahoma. Mr. President, during the recess of the Congress I undertook in my feeble way to explain the theory of this bill to the farmers of my State. In undertaking that explanation I referred the farmers to the policy and practice being pursued in the oil industry.

Ten years ago the oil producers of the United States drilled wells indiscriminately and when they found oil they produced indiscriminately. As a result of that system of competition and production, oil fell in my State and in Texas at the low price of 10 cents a barrel. Much oil was sold in Texas for less than 10 cents a barrel.

Later, at the instance of the Government under the N. R. A., the oil producers were organized. They proceeded to stabilize the industry by curtailing production. Under the present practice as developed, the Bureau of Mines makes an estimate each month as to the amount of oil that should be produced to meet the consumption demand in the next month. The estimate is sent to the oil-producing States and each State is given an allowable quota. In each State there is some sort of regulatory body. In my State it is called the Corporation Commission. When the Corporation Commission of my State gets that estimate it prorates, through various agencies, to the oil wells the allowable amount, so that each month each oil well in my State knows the certain amount of oil it may produce. Each other oil-producing State has a similar program which it follows.

As a result of that control of production, largely supervised by the Government and acquiesced in by the oil industry, today the oil industry is very prosperous.

Since I used that illustration the Saturday Evening Post has published an editorial entitled "No More Gushers." Inasmuch as the editorial is in point, I ask unanimous consent that it may be read at the desk by the clerk.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The clerk will read, as requested.

The Chief Clerk read as follows:

NO MORE GUSHERS

The layman, reading that the Kansas, Oklahoma, and Texas control authorities, acting on the request of the producers, had reduced the allowable petroleum production for November below the recommended figure of the Bureau of Mines and that Arkansas had issued its first proration order, probably was puzzled or uninterested.

But these were further evidences that the petroleum industry, in a little more than 10 years, has whipped as tough a problem as faced any business in that time, and has revolutionized the basic method of producing oil in the United States. An industry which gyrated between feast and famine has stabilized itself and has conserved, at the same time, the Nation's oil and gas reserves. The new way of production is called proration.

Proration is the production of oil by regulated design instead of freely under unrestricted competition. This sounds like production control, or the quota system, by which copper, rubber, tin, cotton, wheat, and other commodities have been restricted in output with the express purpose of raising prices, or even creating an artificial scarcity. And proration could be so perverted, though, in the circumstances of the industry, it is not likely to be.

It differs fundamentally from other production controls because its primary purpose is conservation of an irreplaceable resource rather than the valorization of an annual crop or an inexhaustible metal. True, it tends to stabilize supply and demand, and, hence, the price of crude, and this accounts for its wide acceptance. But its greater usefulness in our economy lies in the fact that it increases the ultimate amount of oil that can be commercially extracted from our fields. Its stabilization effects are secondary.

Before proration, the output of any well was limited only by that well's capacity to produce. A well allowed to run wide open dissipates the natural gas, valuable in itself and as one of the forces which drive the oil to the surface. It also disturbs the nice interplay of other underground pressures useful to efficient extraction. The reservoir energy wasted, the oil must be prematurely pumped, and too much is left irrecoverable in the sands.

Yet the operator had no choice but to get the most oil out in the least possible time, for otherwise, under the rule of capture, his oil would be drained into the wells of more aggressive neighbors. This anarchic procedure was economically workable, wasteful as it was, as long as demand was outrunning supply, and before the industry had perfected modern methods of discovery and production.

As demand began to mature and these methods to increase supply in the middle twenties, the industry ran into chronic overproduction. Proration began as an experiment as early as 1926 and was developed and extended gradually until it became the rule.

Today most of the oil produced in the United States comes under the supervision of State commissions charged with the responsibility of preventing waste. As the great source of waste is in the energy losses that accompany the open flow of wells, the wells now are held to an efficient flow. The gusher is obsolete. We no longer have wells producing thousands of barrels a day for a while, then going on the pump, but long-lived wells flowing moderately under natural pressure.

The State commissions hold public hearings once a month to determine the market demand, which then is allocated to the various fields and, finally, to the individual wells. In this evolution the Federal Government has helped the oil-producing States at almost every stage. Advisory State production quotas first were provided in 1930 by the Federal Oil Conservation Board, were made mandatory under N. R. A., and now are supplied monthly by the United States Bureau of Mines. The Connally Act, passed by Congress in 1935, prohibiting the interstate movement of oil produced in defiance of State quotas, has checked the hot-oil problem in the great east Texas field. And finally the interstate oil compact, ratified by Congress in 1935, affords a convenient means of coordinating the interests of the States and the Federal Government in problems of conservation and stabilization.

New as it is, proration has become institutionalized in law and embedded in the practices of the industry.

Because, with gushers eliminated, it takes many more wells to produce a given volume of oil in a given time, the industry needs more capital. But with production and price held within bounds, the banks now lend millions of their depositors' money to individual producers on the security of oil still in the ground; a practice unimaginable to a banker 10 years ago.

The Nation has benefited, the industry has prospered, and the price of gasoline and other oil products has not been raised to the consumer. A highly competitive industry has taken the lead in bringing this about. Government has aided, but the industry itself has carried the ball.

The PRESIDING OFFICER. The clerk will state the first amendment of the committee.

The first amendment of the Committee on Agriculture and Forestry was, on page 1, line 5, to strike out "Title I—Declaration of policy" and insert "Declaration of policy."

The amendment was agreed to.

The next amendment was, on page 1, at the beginning of line 7, to strike out "Section 1. (a)" and insert "Sec. 2."; in line 8, after word "to", to insert "regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide such adequate and balanced flow of such commodities as will, first,"; on page 2, line 2, after the word "for", to strike out "major agricultural" and insert "such"; in line 4, after the word "and", to insert "second,"; in line 6, before the word "provide", to strike out "to"; and in the same line, after the word "each", to strike out "major agricultural commodity; and to" and insert "such commodity and", so as to read:

SEC. 2. It is hereby declared to be the policy of Congress to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide such adequate and balanced flow of such commodities as will, first, maintain both parity of prices paid to farmers for such commodities marketed by them for domestic consumption and export and parity of income for farmers marketing such commodities; and second, without interfering with the maintenance of such parity prices, provide an ever-normal granary for each such commodity and conserve national soil resources and prevent the wasteful use of soil fertility.

Mr. McNARY. Mr. President, a few days ago I discussed that declaration. I do not at this time desire to discuss it further. I thought the Senator from Oklahoma [Mr. LEE] had an amendment to that section. Am I correctly informed?

The PRESIDING OFFICER. The Parliamentarian informs the Chair that the Senator from Oklahoma [Mr. LEE] has a substitute to offer for the entire bill, but not for this particular portion of it.

Mr. McNARY. I thought the Senator from Oklahoma, in a colloquy I had with him on Friday, stated that he had two sections to offer as a substitute for this language; but,

of course, I know nothing beyond the mere expression of the Senator. I may have misunderstood him. I am not asking that action on the amendment be held up, but I wanted to inquire if there was not pending an amendment to this particular provision.

The PRESIDING OFFICER. The Chair is informed that there is no such amendment on the desk at this time.

Mr. ADAMS. Mr. President, I merely wish to reiterate the statement I made to the Senator from Idaho [Mr. POPE] when this section was previously discussed. It seems to me that in drafting this declaration of policy those who have drafted the bill have put a badge of unconstitutionality upon it in the very first section; that is, they have provided here that the bill is to regulate commerce. For what purpose? For the purpose of maintaining parity of prices and for the purpose of providing parity of income; that is, they are not endeavoring to regulate prices and parity in order that commerce may be regulated, but they are claiming to regulate commerce for the purpose of maintaining prices.

I do not pretend to be a deep student of constitutional law; it seems to me that the framers of the bill have put a badge upon the bill in the very first section, pointing out its probable unconstitutionality; for while perhaps we are inclined to think that the Supreme Court has somewhat changed its line of thinking the Supreme Court has not changed the fundamentals upon which its decisions have been rendered in many cases, and in some by unanimous decisions.

If we are interested in giving to the bill the best possible constitutional support, it seems to me this declaration ought to go out of the bill, rather than to make a statement here that the purpose of the bill is not to regulate commerce but is to use the regulation of commerce to do something else which is not the regulation of commerce.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The next amendment was, on page 2, after line 10, to strike out:

(b) For the purposes of this act—

1. The "major agricultural commodities" shall be cotton, white wheat, wheat (other than white wheat), field corn, rice, flue-cured tobacco, Maryland tobacco, burley tobacco, tobacco (other than flue-cured, Maryland, and burley) produced in the United States; but the Secretary is authorized after due notice and opportunity for public hearing to interested parties to treat as a separate major agricultural commodity any market classification, type, or grade of any of the foregoing commodities if he finds such treatment necessary in order adequately to effectuate the policy of this act with respect to such market classification, type, or grade.

2. "Parity", as applied to prices for a major agricultural commodity, shall be that price for the commodity as will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the period from August 1909 to July 1914, or, in case of tobacco, August 1919 to July 1929.

3. "Parity", as applied to income, shall be that net income of farmers that bears to the income of individuals other than farmers the same relation as prevailed during the period from August 1909 to July 1914.

Mr. McNARY. Mr. President, we cannot have a runaway race on this matter. I simply wish to observe that I assume that it was necessary for the language stricken out to go out because of the change in the plan of the bill, inasmuch as the bill now deals separately with four commodities, whereas the original bill dealt with all of them in logical language.

Mr. POPE. Mr. President, will the Senator from Oregon yield at that point?

Mr. McNARY. Yes.

Mr. POPE. The Senator is right in part. The Senator will note that the definition of parity price at the bottom of page 2 and parity income at the top of page 3 are transferred to the subsection "Definitions," which appears later in the bill.

Mr. McNARY. Yes; and I think also the definition of parity has been considerably expanded to include interest and taxes.

Mr. POPE. Yes; it has been modified in that respect.

Mr. McNARY. Those items were not in the original draft of the bill upon which hearings were held.

Mr. POPE. That is correct; but the definitions have been transferred, and that is the reason for striking them out here.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The next amendment was, on page 3, after line 9, to insert the heading:

Title I—Loans, parity payments, and general provisions.

The amendment was agreed to.

The next amendment was, on page 3, line 12, before the word "farmers", to insert "wheat and corn", so as to make the subhead read:

Contracts with wheat and corn farmers.

The amendment was agreed to.

The next amendment was, on page 3, line 13, after the word "Sec.", to strike out "2" and insert "3"; and in line 16, after the word "market", to strike out "any major agricultural commodity, the production and marketing of which affects interstate or foreign commerce" and insert "wheat or corn", so as to read:

Sec. 3. (a) In order more effectively to carry out the declared policy, the Secretary is authorized and directed to prepare adjustment contracts and to tender such contracts to farmers producing for market wheat or corn.

The amendment was agreed to.

The next amendment was, on page 3, line 20, before the word "farmers", to strike out "contracting" and insert "contracting", so as to read:

(b) Under adjustment contracts there shall be made available to contracting farmers (hereinafter referred to as "cooperators"), first, Soil Conservation Act payments hereinafter specified; second, surplus reserve loans; and, third, parity payments.

Mr. BORAH. Mr. President, I desire to ask for information concerning this subsection. The word "contracting" is an amendment. It is provided that under adjustment contracts there shall be made available to contracting farmers, first, Soil Conservation Act payments. My understanding is that that language limits the soil-conservation payments to contracting farmers only.

If we should desire to make soil-conservation payments to all, I suppose we should strike out the word "contracting." In other words, I do not want to see the soil-conservation payments discontinued to farmers simply because they do not enter into these contracts. I should not make any objection, of course, to their being deprived of the parity payments, but soil-conservation payments rest upon a wholly different principle. When farmers are undertaking to conserve their soil and desire to proceed upon the basis of soil conservation, I think they ought to be paid under the present law.

Mr. POPE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to his colleague?

Mr. BORAH. I yield.

Mr. POPE. The Senator's interpretation of that language is correct. There is a further explanation of the matter later in the bill; but if a farmer raises corn, wheat, or cotton, and refuses to enter into a contract as provided here, he will not be entitled to soil-conservation payments for diversion of acreage.

I have already pointed out the two types of soil-conservation payments. The one is paid for diverting acreage. The other is paid for soil-conservation practices. However, a farmer who refused to enter into a contract would be entitled to the soil-conserving payments, as they may be called, but would not be entitled to a payment for diverting acreage. My colleague is correct in that respect.

I may say that the thought of the authors of the bill was that in order to make such a program as this successful, a great majority of farmers should participate, because it can be readily seen that if there should be a large number who did not participate, no substantial reduction of acreage or

production could be expected. However, it seemed that that much inducement should be offered to those who grow corn, wheat, or cotton to take part in this program; and my colleague is right in that respect.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Oregon?

Mr. BORAH. I yield to the Senator from Oregon.

Mr. McNARY. Mr. President, it is a striking effort to punish the noncooperator. Under the Soil Conservation Act the producers of all agricultural commodities, whether specified as major or not, received soil-conservation payments, but under the language here pointed out by the senior Senator from Idaho, a noncooperator, a man who does not sign a contract, is selected among all the farmers of the country and is punished for not signing a contract. It is a form of punishment for not cooperating, and applies only to the farmers producing the commodities mentioned in the bill, and not to any other group of farmers in the country. Of course it is coercion.

Mr. BORAH. Mr. President, I think this is a very important matter. It has relation to the whole soil-conservation policy, and I have been a believer in that policy. The preservation of the soil in this country is a fundamental proposition. The soil ought to be taken care of, and no one should be discouraged from taking care of the soil by reason of the fact that he does not see fit to sign a contract.

Sufficient inducement is being offered for the farmer to sign the contract, it seems to me, when there is extended to him a parity payment or the benefit of a loan. But is it wise or just to take from him the soil-conservation payments when the whole program, as we adopted it at the last session, was for the purpose of taking care of the soil throughout the country? Any man who engages in that activity, any man who undertakes to help the Government in that matter, ought not to be punished, in my opinion. Unless the amendment can go over until tomorrow morning I shall ask for a quorum.

The PRESIDING OFFICER. Does the Senator from Idaho make a request that the amendment go over until tomorrow?

Mr. BORAH. I ask that it go over.

The PRESIDING OFFICER (Mr. GILLETTE in the chair). Without objection, the amendment will be passed over until tomorrow. The clerk will state the next amendment of the committee.

The next amendment was, on page 3, after line 23, to strike out:

(c) The adjustment contracts first prepared under this section shall cover farming operations with respect to commodities planted to be harvested in 1938, 1939, and 1940. For years subsequent to 1940, new adjustment contracts shall be prepared for such additional periods as the Secretary shall determine. Adjustment contracts shall be tendered to farmers during the last 5 months of each calendar year but shall be binding only with respect to major agricultural commodities planted for harvest in the subsequent calendar years covered by the contract. There shall be in force with respect to any farmer for any period only one contract with respect to each farm, but such contract shall apply to all major agricultural commodities.

And to insert:

(c) The first adjustment contracts shall cover farming operations with respect to wheat and corn planted for harvest in 1938. For years subsequent to 1938 new adjustment contracts shall be prepared for such additional periods, not to exceed 2 years, as the Secretary shall determine.

Mr. McNARY. Mr. President, I wish to propose an amendment to this committee amendment—on line 15 to strike out "such"; on line 16, after the word "exceed", to strike out "two" and to insert "three"; and after the word "years" to insert a period; and to strike from the bill the words "as the Secretary shall determine", so that it would read as follows:

The first adjustment contracts shall cover farming operations with respect to wheat and corn planted for harvest in 1938. For years subsequent to 1938 new adjustment contracts shall be prepared for additional periods not to exceed 3 years.

I offer this amendment because in my view this is still an emergency piece of legislation, and after a trial of 3

years, if the act operates successfully and is practicable and helpful to the farmers, we can renew it. But as the bill now reads it will be legislation for an indefinite period, for all time.

Mr. McGILL. The Senator in his amendment proposes to strike out the word "exceed" on line 16?

Mr. McNARY. The last sentence, commencing on line 14, page 4, would read:

For years subsequent to 1938 new adjustment contracts shall be prepared for additional periods not to exceed 3 years.

Mr. McGILL. I asked the question because I should like to know who would determine the length of the period, if we should strike out the words "as the Secretary shall determine." I was curious to know whether or not the Senator had in mind fixing a 3-year period.

Mr. McNARY. Yes; a 3-year period, made definite.

Mr. McGILL. That would require striking the word "exceed" out of the bill also.

Mr. McNARY. Yes. 1940 will be the beginning of a new political period in the country, whether the dominant party shall be Republican or Democratic. That ought to have something to do with the continuation of the proposed legislation, if it is so desired. The point I make is that providing for a period of 3 years, let us say, if the bill shall be passed, and if it is practicable, would give us 3 years in which to experiment. I think that is a sufficiently long period. If it turns out to be practicable legislation, it will be easy to renew it for another period. It will be recalled that in nearly all legislation of an emergent character we have included a limitation on the number of years it is to be in force. I brought this matter to the attention of the committee, on the day I was present at the meeting, on Saturday, and the committee took a view opposite to what I am suggesting, whereupon I think I stated to the committee that I should renew my proposal when the bill reached the Senate floor, and I am doing so now.

Mr. POPE. I am still not clear as to how the sentence beginning on line 14 and concluding on line 16 would read.

Mr. McNARY. I was attempting to meet the situation as the amendment was being read by the clerk. I had suggested changing the amendment on line 14 so that it would read:

For years subsequent to 1938 new adjustment contracts shall be prepared for additional periods not to exceed 3 years.

On reflection, I do not believe that would be correct, because it ought to be 2 years. The "2" should remain in the bill, in my judgment. It should read:

For years subsequent to 1938 new adjustment contracts shall be prepared for additional periods not to exceed 2 years.

Mr. POPE. That implies, of course, that there might be a contract for 1 year. Who will determine whether it would be 1 year or 2 years when the Senator uses the expression "not to exceed 2 years," if he strikes out the words "as the Secretary shall determine"?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. BARKLEY. It strikes me that the Senator from Oregon is slightly confused about the effect of the language. The language provides that the first contract shall apply only to 1938. After that the Secretary will enter into the adjustment contracts from time to time during the life of the act, but at no time shall the contracts extend beyond 2 years. It seems to me that is proper, and if there was to be any discretion as to the period, as to whether it should be 1 year or 2 years, after the first year, 1938, it certainly ought to be in the discretion of the Secretary of Agriculture.

Mr. McNARY. It should be in the discretion of the Secretary if there were no limitation on the continuance of the act. I propose by this amendment to limit its operation to 2 years.

Mr. BARKLEY. The effect of the Senator's amendment is not to try to provide for permanent agricultural relief, but to make the bill effective for only 2 years.

Mr. McNARY. For 2 years, plus the year 1938, which makes 3 years, or it would terminate in 1940, and the very efficient senior Senator from Arkansas [Mrs. CARAWAY] has suggested that the language on line 15 should be, "an additional period." It is easy to correct it, if one has just a moment for that purpose.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. SCHWELLENBACH. I do not agree with the Senator's theory, but it seems to me that if his theory is to be carried out it can only be carried out by taking the language as it now stands and inserting a proviso to read somewhat as follows: "Provided, That no contract shall be in effect after the 1940 marketing period."

Mr. McNARY. I always find it a good policy to be deferential, and I should be very glad to accept the language of the Senator from Washington, which is a limitation in words.

The PRESIDING OFFICER. Will the Senator from Oregon state the amendment he now has in mind?

Mr. McNARY. I think after the word "determine" there should be added the words "but in no event shall contracts be made after 1940."

Mr. BARKLEY. The first language takes care of the crop of 1938. 1939 and 1940 would be the next 2 years.

Mr. McNARY. I am willing to have a 3-year period, and by my suggestion, though probably not by appropriate language at this time, I am attempting to limit the operation of the bill to 3 years.

The PRESIDING OFFICER. Does the Senator desire time to prepare an amendment?

Mr. McNARY. It may be that the amendment should go over until tomorrow.

The PRESIDING OFFICER. Without objection, the committee amendment will go over until tomorrow. The clerk will state the next amendment.

Mr. BORAH. Mr. President, I am compelled to leave the Chamber for the balance of the evening, and I should like to ask that the amendment on page 7 go over, because it ought to be considered in connection with the matter which we agreed a short time ago should go over.

The PRESIDING OFFICER. The amendment on page 6, beginning with line 21 and going through line 17 on page 7, will go over until tomorrow. The clerk will state the next amendment of the committee.

The next amendment was, on page 4, after line 16, to insert:

(d) The adjustment contracts for 1938 shall be tendered to farmers up to but not later than June 1, 1938, and shall be binding with respect to wheat and corn planted for harvest in 1938. Following such original tender the Secretary shall tender adjustment contracts to farmers during the last 5 months of 1938 and each subsequent year, but such contracts shall be binding only with respect to such commodities planted for harvest in a year covered by the contract and subsequent to the signing thereof by the farmer. There shall be in force with respect to any farmer for any period only one adjustment contract with respect to each farm, but such contract shall apply to both wheat and corn. Notwithstanding the foregoing provisions of this subsection, adjustment contracts shall not be in effect for 1938 unless the Secretary finds that at least 51 percent of the farmers to whom adjustment contracts are required to be tendered have signed such contracts prior to June 1, 1938; and adjustment contracts shall not be in effect for any year subsequent to 1938 unless the Secretary finds that, prior to the commencement of such year, at least 51 percent of such farmers have signed adjustment contracts for such year.

Mr. McNARY. Mr. President, as these amendments are read I find that I have expressed my views concerning them on former occasions, and I do not desire to repeat the arguments, but a few days ago I asked the able Senator from Alabama [Mr. BANKHEAD] why he did not include cotton in this amendment, as it was in the original bill. I found that a similar inquiry was contained in the critical letter of the Secretary of Agriculture, who said that there ought to be contracts for all of these commodities. If there are to be contracts for wheat and corn, called adjustment

contracts, I should think that from the standpoint of the administrator in the administration of the bill there should be adjustment contracts for cotton, tobacco, and rice.

I am not going to offer any amendment on that point. I do not know how the Senators feel who have given much thought to this language. However, I think all the commodities ought to be treated in the same fashion, without discrimination concerning the contracts. I feel, as the Secretary of Agriculture does, that there should be contracts for all these commodities rather than contracts for some, and guesses and gentlemen's agreements for others.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 4 after line 16.

The amendment was agreed to.

The next amendment was, on page 5, at the beginning of line 13, to strike out "(d)" and insert "(e)"; commencing in the same line, to strike out "For the purposes of adjustment contracts, the 'farmer' shall be deemed to be the person owning the land comprising the farm, except that if the farm is leased to a person having full control of cropping operations thereon for 1 or more years during the period covered by the adjustment contract, then such lessee shall be deemed to be the farmer during such year or years"; and in line 22, after the word "tenants", to insert "landowners", so as to read:

(e) In preparing and entering into adjustments contracts, the Secretary shall take into consideration and protect the rightful interests and equities of tenants, landowners, and sharecroppers.

Mr. McNARY. Mr. President, I should like to have either the able Senator from Kansas [Mr. McGill] or the able Senator from Idaho [Mr. Pope] advise me why they inserted in this amendment the word "landowners," which was not in any of the other provisions.

Mr. POPE. Mr. President, the Senator will note that the definition or attempted definition of "farmer" is stricken out because it was unsatisfactory to the committee. There was left in, however, the last part of the paragraph:

In preparing and entering into adjustment contracts, the Secretary shall take into consideration and protect the rightful interests and equities of tenants, landowners—

The word "landowners" did not appear necessary when the definition of "farmer" appeared in the bill. When that was stricken out, it appeared to the committee that the word "landowners" was necessary. I think it is perfectly obvious to the Senator from Oregon or anyone else who reads the bill in its present form that the rights of "tenants, landowners, and sharecroppers" should all be taken into consideration in determining and making payment.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment beginning on page 5, line 13.

The amendment was agreed to.

The next amendment was, on page 5, at the beginning of line 23, to strike out "(e)" and insert "(f)"; in the same line, after the word "this", to strike out "title a major agricultural commodity" and insert "act wheat and corn"; on page 6, line 1, after the word "Whenever", to strike out "in case of cotton, wheat, field corn, rice, or tobacco"; in line 6, before the word "corn" to strike out "field"; in line 8, before the word "commodity", to strike out "major agricultural", and in line 11, before the word "corn", to strike out "field", so as to read:

(f) For the purposes of this act wheat and corn shall be deemed to be produced for market except in the following circumstances:

(1) Whenever the amount thereof produced and consumed annually on the farm is more than 75 percent of the aggregate normal yield of the soil-depleting base acreage for the commodity; or

(2) Whenever in the case of corn the aggregate normal yield of the soil-depleting base acreage for such commodity is less than 300 bushels, and in the case of wheat such aggregate normal yield is less than 100 bushels, and the acreage devoted to corn, or to wheat, as the case may be, does not exceed such respective base acreage: *Provided, however,* That either such commodity shall be deemed to be produced for market if 25 percent or more of the aggregate normal yield of such base acreage is marketed and if the farmer indicates to the Secretary his desire to become a cooperator.

The amendment was agreed to.

LXXXII—59

The PRESIDING OFFICER. The amendment at the bottom of page 6 and the top of page 7 was passed over at the request of the Senator from Idaho [Mr. BORAH].

Mr. McNARY. Yes; I think it was agreed that that amendment should go over.

The PRESIDING OFFICER. That amendment will go over until tomorrow.

The next amendment of the committee will be stated.

The next amendment was, under the subhead "Surplus Reserve Loans," on page 7, line 19, after the word "Sec.", to strike out "4" and insert "5"; in line 20, after the word "title", to strike out "II" and insert "VII"; in line 22, after the word "upon", to strike out "any major agricultural commodity" and insert "wheat or corn"; on page 8, line 3, after the word "of", where it occurs the first time, to strike out "the"; and at the end of line 3, to insert a colon and the following: "Provided, That whenever a national marketing quota is in effect for the current crop of the commodity, then the Corporation is directed to make such loans available to any noncooperator on his stock of such crop of the commodity in excess of his farm marketing quota established for the commodity; but the loan rates shall be 70 percent of the loan rates prescribed in schedule A", so as to read:

Sec. 5. (a) The Surplus Reserve Loan Corporation established by title VII of this act (hereinafter referred to as the Corporation) is directed to make available surplus reserve loans upon wheat or corn produced for market at the loan rates prescribed in schedule A of this title, based on the parity price, and the relationship of the total supply to the normal supply, as proclaimed at the beginning of the marketing year. Such loans shall be made only to cooperators and on the security solely of stocks of the commodity insured and stored under seal: *Provided,* That whenever a national marketing quota is in effect for the current crop of the commodity, then the Corporation is directed to make such loans available to any noncooperator on his stock of such crop of the commodity in excess of his farm marketing quota established for the commodity; but the loan rates shall be 70 percent of the loan rates prescribed in schedule A. The terms and conditions of such loans shall be such as the Corporation determines most effectively will carry out with respect to the commodity the declared policy of this act.

Mr. McNARY. Mr. President, that language, of course, is calculated to deal more tenderly with the noncooperator in his application for loans. I observe in lines 8, 9, and 10, on page 8, that the loan rate shall be 70 percent of the loan rates prescribed in schedule A. That simply means, I assume, using simple figures, that if the schedule would give \$100 as a maximum loan to Smith, who was a cooperator, Jones, a noncooperator, could get 70 percent.

Mr. POPE. That is correct.

Mr. McNARY. Of course, that provision, like the others we were discussing, is another form of procedure tending to coerce the others in; but I will say that it is really an improvement over the original language.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 7, beginning in line 19.

The amendment was agreed to.

The next amendment was, on page 8, after line 13, to strike out:

(b) Each adjustment contract shall include a provision that the Secretary shall, whenever necessary in order to carry out during any marketing year the declared policy of this act with respect to any major agricultural commodity, require during such marketing year or within 30 days prior thereto that each cooperator engaged in producing the commodity for market store under seal, until the expiration of such marketing year or such shorter period as the Secretary shall prescribe, his stock of such commodity up to an amount not exceeding 20 percent of the crop harvested by him during the calendar year in which such marketing year begins. Such cooperator shall be entitled to obtain from the Corporation surplus reserve loans with respect to stocks stored in accordance with this subsection.

And to insert a new subsection (b), as follows:

(b) The Corporation is directed to make available loans on cotton and may make loans available on rice, tobacco, and all other agricultural commodities other than wheat, corn, or cotton. Loans made pursuant to this subsection shall be made on the security solely of stocks of the commodity insured and stored under seal. The amount, terms, and conditions of such loans shall be fixed

by the Corporation, taking into account the maintenance of foreign outlets for the commodity and the effect of prospective production of the commodity on the value of the stock of the commodity held or to be acquired as security for the loan.

Mr. McNARY. Mr. President, when the bill was being discussed last week on the floor of the Senate, I asked the Senator from Idaho [Mr. POPE] about its construction, and he stated that this amendment had been incorporated in the bill at the suggestion of the able Senator from Mississippi [Mr. BILBO]. I asked at that time that the amendment go over. In the absence of the Senator from Mississippi [Mr. BILBO], and in the absence of other Senators, I ask that the amendment go over for the day. It will bear more discussion.

The PRESIDING OFFICER. Without objection, the amendment will be passed over until tomorrow.

Mr. AUSTIN. Mr. President, I hope I shall be here when the amendment is considered, because I have serious objection to it.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, on page 9, line 14, after the word "this", to strike out "title" and insert "act", so as to read:

(c) For the purposes of this act any agricultural commodity shall be deemed to be stored by the farmer under seal only if stored in such warehouses or other storage facilities, whether on or off the farm, as conform to requirements of such regulations as the Secretary shall prescribe in order more effectively to administer this act.

The amendment was agreed to.

The next amendment was, on page 9, line 21, after the word "producing", to strike out "any major agricultural commodity" and insert "cotton, wheat, corn, tobacco, or rice", so as to read:

(d) Notwithstanding any other provision of this section, if the farmers producing cotton, wheat, corn, tobacco, or rice.

Mr. AUSTIN. Mr. President, this is the same kind of an amendment relating to a referendum as the one to which I had objection. I desire to register a vote against it. I do not want it adopted by unanimous consent.

The PRESIDING OFFICER. The pending amendment is on page 9, line 22.

Mr. AUSTIN. Yes. It has reference to referendums. I do not want the amendment to be adopted by unanimous consent. I wish to register my vote against it. I object to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 9, line 21. [Putting the question.] The ayes have it, and the amendment is agreed to.

The clerk will state the next amendment of the committee.

The next amendment was, on page 9, in line 24, before the word "that", to strike out "section 10 of this title" and insert "this act", so as to read:

Indicate by vote in the referendum carried out pursuant to the provisions of this act.

Mr. AUSTIN. I object.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 9, line 24. [Putting the question.] The ayes have it, and the amendment is agreed to.

The clerk will state the next amendment of the committee.

The next amendment was, on page 10, line 1, after the word "farmers" and the comma, to strike out "surplus reserve", so as to read:

That marketing quotas with respect to such commodity are opposed by more than one-third of such farmers, loans shall not be available thereafter with respect to the commodity during the period from the date on which the results of the referendum are proclaimed by the Secretary until the beginning of the second succeeding marketing year.

The amendment was agreed to.

The next amendment was, on page 10, line 6, after the word "Payments" to insert "For Cotton, Wheat, and Corn"; so as to make the subhead read:

Parity payments for cotton, wheat, and corn.

Mr. McNARY. Mr. President, is that the amendment on page 10?

The PRESIDING OFFICER. Yes; the subhead on page 10, line 6.

Mr. McNARY. Mr. President, I do not care about the heading. Referring to the body of the section I am curious to know whether the Senator from Alabama [Mr. BANKHEAD] recalls my statement made a few days ago when I said that the language was mandatory requiring the Secretary to make parity payments, in the face of the statement of the Senator from Alabama that he did not expect parity payments.

Mr. BANKHEAD. Mr. President, I did not say that. I said I did not expect full parity. There is a difference between payments on parity, or making payments based on parity, and parity payments in full.

Mr. McNARY. We were talking about parity. I assume that parity means full. When I say I will pay a man my obligation, I do not have to say my full obligation, but I am assumed to mean that I will pay my full obligation. When the Secretary is directed to make parity payments, I assume that that means parity payments, and not 10 percent of parity payments.

I do not want to misquote the Senator from Alabama, or any other Senator. I shall not offer an amendment, but there is a very great inconsistency, as I pointed out, between the title and the provisions of this section. In declaratory and mandatory language the Secretary of Agriculture is directed to make parity payments, when it is admitted that he cannot make parity payments, because he will not have sufficient funds for that purpose.

Mr. POPE. Mr. President, I do not interpret that language as the Senator does. If the term "mortgage payments" were used, that would not mean that the full amount of the mortgage necessarily would be paid, but that payments would be made in reducing the mortgage. In the pending section payments are made on parity. It is similar to payments made on a mortgage. I think that is the interpretation that should be placed on the language.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. NORRIS. It seems to me that this line has not any legal effect on the bill anyway. It is just a subhead. It does not say what shall be done. Suppose it were stricken, it would not affect the section a particle. The subject that follows in section 6 is about parity payments for cotton, wheat, and corn. The subheading might be left out, and it would not hurt the bill in any way, or affect its legality.

Mr. McNARY. Mr. President, a great deal might be left out of the bill and it might be improved by so doing. I am not now suggesting that. The section begins, "Promptly following the close of each marketing year." It specifies when these payments shall be made; namely, that promptly following the close of the marketing year the Secretary shall do what? Make parity payments.

Mr. NORRIS. Yes; but line 6 does not provide that he shall do that. If anyone wanted to amend the measure in respect to what the Secretary should do, he would not amend line 6, but he would amend the language that follows.

Mr. McNARY. I am not talking about line 6.

Mr. NORRIS. That is what is now being considered. The pending amendment is in line 6.

Mr. McNARY. I am not captious. I am talking about the subject matter in section 6.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 10, line 6.

Mr. BANKHEAD. Mr. President, I have a clarifying amendment to the committee amendment which I should like to have considered at this time.

Mr. BARKLEY. Mr. President, we have not yet reached that point. I suggest that we pass on the amendment on page 10, line 6, which is a separate amendment. It is simply a heading.

Mr. BANKHEAD. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 10, line 6.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment of the committee will be stated.

The next amendment was, on page 10, line 8, after the word "for", to strike out "any major agricultural commodity (except flue-cured, Maryland, and burley tobacco)" and insert "cotton, wheat, or corn."

Mr. BANKHEAD. Mr. President, I send to the desk an amendment to the committee amendment and ask that it may be read.

The PRESIDING OFFICER. The amendment offered by the Senator from Alabama will be stated.

The CHIEF CLERK. On page 10, at the end of line 10, it is proposed to insert: "in lieu of payments made under the Soil Conservation and Domestic Allotment Act with respect to such commodity", and in line 13, after the word "cooperator", to strike out the period and insert, "and in the case of cotton the acreage of cotton does not exceed the acreage apportioned to the farm pursuant to the provisions of Title III of this act, or in the absence of such apportionment does not exceed the acreage apportioned to the farm under the Soil Conservation and Domestic Allotment Act."

Mr. POPE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. POPE. That is not an amendment to a committee amendment. It is not an amendment either to the portion proposed to be stricken out or to the words proposed to be added. I take it it is not in order.

Mr. BANKHEAD. We can have it considered now because I do not want to be foreclosed from offering it.

Mr. POPE. I shall have no objection.

Mr. McNARY. Let us have the amendment to the amendment again stated.

Mr. BANKHEAD. I think it is an amendment to the committee amendment.

The PRESIDING OFFICER. The amendment of the Senator from Alabama will be again stated.

The CHIEF CLERK. On page 10, at the end of line 10, after the words "parity payment", it is proposed to insert:

In lieu of payments made under the Soil Conservation and Domestic Allotment Act with respect to such commodity.

And in line 13, after the word "cooperator", strike out the period and insert:

And in the case of cotton the acreage of cotton does not exceed the acreage apportioned to the farm pursuant to the provisions of title III of this act, or in the absence of such apportionment does not exceed the acreage apportioned to the farm under the Soil Conservation and Domestic Allotment Act.

The PRESIDING OFFICER. The first part of the amendment offered would not be in order at this time. The latter part of the amendment is in order. The committee amendment under consideration is in lines 9 and 10. The amendment offered is not in order at this time.

Mr. BANKHEAD. Mr. President, let me make a statement about what it is and if the Senator wants it to go over it will be all right.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield to the Senator from Nebraska.

Mr. NORRIS. As I understand, the amendment of the Senator from Alabama has no relation whatever to the committee amendment which the Senate is now considering. I do not know why we should discontinue consideration of a committee amendment which is properly before the Senate and take up for consideration some other amendment which is not properly before the Senate.

Mr. BANKHEAD. My amendment adds to the committee amendment.

Mr. NORRIS. Oh, no; it does not add to the committee amendment which is now under consideration.

Mr. BANKHEAD. I think it does, but if there is any objection I shall withhold it.

Mr. BARKLEY. Mr. President, the Senator can offer it later.

Mr. BANKHEAD. If it will be in order later I shall let it go over for the time being.

The PRESIDING OFFICER. Without objection the amendment of the Senator from Alabama will go over and may be offered at a later time.

Mr. BANKHEAD. I do not object to my amendment going over if I can present it later.

Mr. BARKLEY. There is no question that the Senator can present his amendment when the committee amendments shall have been disposed of. He does not have to withdraw it. He will be allowed to offer it later because he has a right to offer it when we reach that point in the consideration of the bill.

Mr. McNARY. Mr. President, I think we should have the amendment of the Senator from Alabama printed and let it lie on the table until the appropriate time.

Mr. AUSTIN. Mr. President, I desire to ask the Senator from Alabama a question.

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Vermont?

Mr. BANKHEAD. Certainly.

Mr. AUSTIN. Does the Senator from Alabama construe the amendment which he will offer so that if adopted it would modify the contract now existing with respect to payments under the Soil Conservation Act?

Mr. BANKHEAD. The amendment I am proposing to offer is intended to clarify this point in the bill. It will be noted that the amendment is to that part of the bill which sets up soil-conservation payments on corn and wheat. My amendment provides payments under the Soil Conservation Act on corn and wheat, provided the recipients are cooperators. The question has been raised, in the event there is no cotton control program, either by virtue of there being no necessity for one on account of reaching parity price or by reason of the farmers rejecting such a program, where would the cotton farmer stand? This is to make it positive and clear that cotton would stand exactly as wheat and corn stand and would be under the soil-conservation program. That is the only object of the amendment.

Mr. AUSTIN. As I understood it when read by the clerk, it would undertake to make parity payments take the place of the payments already obligated to the farmer under the Soil Conservation Act.

Mr. BANKHEAD. I am sure the Senator will see his error when he reads the amendment. I know he is clear-minded and will readily understand its purpose.

Mr. HATCH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HATCH. I understood the Chair to state, at the time the Senator from Alabama presented his amendment, that part of that amendment was in order and part of it was not in order.

The PRESIDING OFFICER. The Chair ruled that the amendment was not in order to the then pending committee amendment. As drawn and presented at the desk the latter part of the amendment of the Senator from Alabama would be in order to the next committee amendment.

Mr. HATCH. The latter part of the amendment would be in order to the next committee amendment?

The PRESIDING OFFICER. Yes.

Mr. HATCH. If that part of his amendment which is in order should not be acted on when the next committee amendment is before the Senate for consideration, would it lose its standing later?

Mr. BANKHEAD. It went over with the understanding that later I should have the right to present it again.

The PRESIDING OFFICER. The Senator from Alabama requested that his amendment go over and there was no objection and it was so ordered.

Mr. BARKLEY. If the amendment is not in order now to the committee amendment that is pending, it will have to go over until all committee amendments are disposed of. If we are to stop in the middle of the consideration of committee amendments to consider individual amendments which are not in order to committee amendments, we will never make any progress with the bill.

Mr. BANKHEAD. The Presiding Officer ruled that part of my amendment was in order.

Mr. BARKLEY. But the Senator is offering it as a whole.

Mr. BANKHEAD. I just wanted to get it clear so that I shall not lose any of my rights by reason of letting it go over.

Mr. BARKLEY. I do not want the Senator to lose any rights.

Mr. BANKHEAD. Then, what is all the argument about?

Mr. BARKLEY. If the Senator wants to split his amendment and consider that part of it which would be in order at this time or when the following committee amendment is considered, that is a different matter; but as a whole it is not in order at this time.

The PRESIDING OFFICER. The Chair ruled that the amendment offered by the Senator from Alabama was not in order as an amendment to the pending committee amendment, and stated gratuitously that part of it would be in order to a later amendment.

Mr. BANKHEAD. What I want to know is whether there is any objection to my amendment going over and having it considered later, without losing any rights on the ground that part of it is now in order and part of it is not in order.

The PRESIDING OFFICER. In the opinion of the present occupant of the Chair the Senator would not lose any rights.

Mr. BANKHEAD. Very well.

The PRESIDING OFFICER. The amendment of the Senator from Alabama will go over. The pending amendment of the committee will be stated again.

The pending amendment of the Committee on Agriculture and Forestry was, on page 10, line 8, after the word "for", to strike out "any major agricultural commodity (except flue-cured, Maryland, and burley tobacco)" and insert "cotton, wheat, or corn."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment was, on page 10, in line 11, after the word "to", to strike out "cooperators" and insert "farmers."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment was, on page 10, line 12, after the word "year" and the comma, to insert "provided, in case of wheat and corn, the farmer is a cooperator."

Mr. HAYDEN. Mr. President, I suggest that that amendment be passed over in order that the Senator from Alabama may offer an amendment to it later.

The PRESIDING OFFICER. Without objection, the amendment will be passed over. The next amendment will be stated.

The next amendment of the Committee on Agriculture and Forestry was, on page 10, line 18, after the word "payments", to insert a comma and the words "in case of wheat and corn."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment was, on page 10, line 20, after the word "commodity", to strike out "devoted to the production thereof (" and in the same line, before the word "during", to strike out ")."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment was, on page 11, line 1, after the word "so", to strike out "devoted" and insert "planted."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment was, on page 11, in line 3, after the word "commodity" and the period, to insert "Such pay-

ments, in case of cotton, shall be made upon the quantity of cotton produced on each farm under the national marketing quota for cotton."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment was, on page 11, line 8, after the word "payment", to strike out "for a major agricultural commodity"; in line 10, after the word "for", to strike out "such" and insert "the"; in line 12, after the word "therefor", to strike out "(1) when a surplus reserve loan is available with respect to such commodity and" and insert "under schedule A of this title if"; and in line 16, after the word "rate", to strike out the comma and "or (2) when a surplus reserve loan is not available with respect to such commodity", so as to read:

(b) Notwithstanding the provisions of subsection (a), the parity payment shall be computed at a rate equal to the difference between the current average farm price for the commodity during the marketing year just closed and the maximum income rate therefor under schedule A of this title if the difference between such current average farm price and the maximum income rate is less than the applicable parity payment rate.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment was, on page 11, after line 17, to insert:

(c) Notwithstanding the foregoing provisions of this section, parity payments for cotton, wheat, or corn with respect to the marketing year ending in 1938 shall be computed at the rates heretofore announced by the Secretary under the 1938 agricultural conservation program in connection with farm goals for cotton, wheat, and corn, respectively, in case such rates are greater than the rates hereinbefore in this section provided.

Mr. OVERTON. Mr. President, I desire to offer an amendment to the committee amendment.

The PRESIDING OFFICER. The amendment of the Senator from Louisiana to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 11, it is proposed to strike out lines 18 to 25, and in lieu thereof to insert:

(c) Notwithstanding any of the provisions of this act, parity payments for cotton, wheat, or corn, in any marketing year shall be computed on the basis of the payments available under the Soil-Conservation and Domestic Allotment Act, as amended, in case such payments are greater than the payments available under this act.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Oregon?

Mr. OVERTON. I wish to make an explanation of my amendment, but I yield to the Senator from Oregon.

Mr. McNARY. I think the amendment of the Senator from Louisiana ought to be printed so we may have an opportunity to study it. I ask the able Senator if he will not permit the amendment to be printed and studied in connection with the language of the bill?

Mr. OVERTON. I have no objection.

Mr. McNARY. I may not have any objection to the Senator's amendment.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Louisiana to the pending committee amendment will be printed and lie on the table.

Mr. SMITH. Mr. President, I do not want to be too meticulous about the use of conjunctions and whether they are employed disjunctively or conjunctively, but on page 11, line 19, the language is:

Notwithstanding the foregoing provisions of this section, parity payments for cotton, wheat, or corn—

And so forth. I think the phrase should read "cotton, wheat, and corn." Under the interpretation of those who will administer the provisions of the bill, even though all three commodities might be eligible for payments any one could be selected because it might be held, the word "or" being used to connect wheat and cotton, a choice could be made. I think it ought to read "cotton, wheat, and corn."

Mr. MCGILL. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. MCGILL. I think the reason for the language as it now appears in the amendment was that a sufficient number of contracts might be made among farmers producing the commodity of wheat for the program to be put into effect as to that commodity, but it might not be put into effect as to the commodity of corn.

Mr. SMITH. I recognize that fact.

Mr. MCGILL. That is the reason for the use of the disjunctive instead of the conjunctive.

Mr. SMITH. I understand that; but there would be no necessity for the application of the bill if one of these commodities were in such a condition as not to need it. As the sentence now reads, however, the Administrator may select, regardless of condition, any one of these three products.

Mr. POPE. Mr. President, will the Senator from South Carolina yield?

Mr. SMITH. Yes.

Mr. POPE. Used in the connection in which the word is used here, it seems to me the amendment of the Senator from South Carolina is entirely proper. It refers to parity payments on cotton, wheat, and corn. Therefore, I should be in favor of the amendment.

Mr. SMITH. I offer that amendment.

Mr. OVERTON. Mr. President, a parliamentary inquiry. The amendment now under discussion is not before the Senate, as I understand. Am I correct?

The PRESIDING OFFICER. The Senator from Louisiana is correct. The Senate agreed that the pending amendment, and amendments to it, should go over until tomorrow. Does the Senator from South Carolina move to reconsider that action?

Mr. BARKLEY. Mr. President, inasmuch as that change has been agreed to, I suggest that it will not affect the amendment which goes over.

Mr. SMITH. Just change the word "or" to "and." If the Senator will withdraw his suggestion as to that going over, we can have that matter settled now and save time. I have waited around here a long time to get down to this part of the bill, and I should like to see it agreed to or rejected.

The PRESIDING OFFICER. Without objection, the Senate will reconsider its action in this respect for the purpose of agreeing to the amendment changing "or" to "and." Without objection, the amendment to the amendment is agreed to.

Mr. OVERTON. I shall ask, then, that the amendment I suggested be changed and that the word "and" be substituted for the word "or." I modify my amendment, which the Senate has not yet passed upon. It has gone over. The pending committee amendment is to go over, and may amendment to it. My amendment undertakes to strike out the committee amendment.

The PRESIDING OFFICER. The Senator from Louisiana asks to have the amendment which he offered modified to conform to the amendment just adopted to the committee amendment.

Mr. OVERTON. So as to read "cotton and corn" instead of "cotton or corn."

The PRESIDING OFFICER. The Senator has that privilege. The clerk will state the next amendment of the committee.

The next amendment was, on page 12, at the beginning of line 1, to strike out "(c)" and insert "(d)", and in line 2, after the word "to", to strike out "any major agricultural commodity" and insert "cotton, wheat, or corn", so as to read:

(d) The first parity payments made under this act with respect to cotton, wheat, or corn shall be those made following the close of the marketing year therefor ending during 1938.

The amendment was agreed to.

The next amendment was, under the subhead "Consumer safeguards," on page 12, line 6, after the word "Sec.", to strike out "6. (a)" and insert "7."; in line 7, after the word "for", to strike out "any major agricultural commodity as proclaimed monthly under section 14 (d) is more than 10 percent above" and insert "cotton, wheat, corn, tobacco, or rice, as proclaimed monthly by the Secretary hereunder, exceeds"; in line 17, after the word "section", to strike out "4 (b)" and insert "9 (c)"; in line 24, after the word "price", to strike out "is not more than 10 percent above" and insert "does not exceed"; and at the beginning of line 2, to strike out "industrial", so as to read:

Sec. 7. Whenever the current average farm price for cotton, wheat, corn, tobacco, or rice, as proclaimed monthly by the Secretary hereunder, exceeds the parity price so proclaimed for the commodity, the Secretary shall, to the extent necessary to stabilize at parity such current average farm price for the commodity—

1. Call surplus reserve loans secured by the commodity;
 2. Release stocks of the commodity stored under seal pursuant to section 9 (c);
 3. Release stocks of the commodity held under marketing-quota restrictions;
 4. Dispose of stocks of the commodity acquired by the Corporation in connection with surplus reserve loans.
- stocks of the commodity acquired by the Corporation in connection with surplus reserve loans shall, if such current average farm price does not exceed such parity price, be disposed of only for human-relief, export, or surplus-reserve purposes.

The amendment was agreed to.

The next amendment was, on page 13, after line 2, to strike out:

(b) Whenever the current average farm price for any major agricultural commodity as proclaimed monthly under section 14 (d) is more than 10 percent above or below the parity price so proclaimed for such commodity, then the Secretary shall further proclaim the amount of such difference. Effective the day following such proclamation the specific rate of duty imposed by law upon the corresponding dutiable commodity, namely, wheat, corn, or maize, including cracked corn, wrapper tobacco, and filler tobacco, or paddy or rough rice and brown rice, as specified in the proclamation, shall be decreased or increased, respectively, by the amount of such difference. Whenever the current average farm price so proclaimed for such major agricultural commodity no longer differs by more than 10 percent from the parity price so proclaimed for such commodity, then the Secretary shall proclaim that fact, and the decrease or increase in rate of duty shall cease to be in effect on the day following such proclamation.

The amendment was agreed to.

Mr. BARKLEY. Mr. President, in view of the fact that we have started to make some progress on the bill, I think we might suspend here.

Mr. COPELAND. Mr. President, I ask the attention of the Senator from Idaho [Mr. POPE]. We have reached the point where the first of the four amendments offered by the Senator from Vermont [Mr. AUSTIN] and myself would appear. These amendments all relate to the dairy industry. Would it be wise for us to consider all of them at the same time? I ask the question because otherwise the first one would come up in connection with the amendment which appears next on the list.

Mr. POPE. I will say to the Senator from New York that whatever form of dealing with the matter is most convenient will be satisfactory, so far as I am concerned. We are now getting to the subsections under the heading "Base Acreages for Wheat and Corn." If the provision to which the Senator refers affecting dairying comes within these subsections, personally I have no objection to their being considered in whatever way he prefers.

Mr. COPELAND. Our amendments are four in number, and they cover four different pages of the bill. I raise the question simply in order that the Senator may have it under advisement and decide tomorrow what course he prefers.

Mr. BARKLEY. Are the amendments of the Senator from New York in the form of amendments to committee amendments, or amendments to the language of the bill independent of committee amendments?

Mr. COPELAND. They are amendments to committee amendments.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. VAN NUYS, from the Committee on the Judiciary, to which was recommitted the nomination of Victor E. Anderson, of Minnesota, to be United States attorney for the district of Minnesota, vice George F. Sullivan, reported favorably thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDING OFFICER (Mr. GILLETTE in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

THE CALENDAR—POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters on the Executive Calendar be confirmed en bloc, with the exception of the nominations of West Virginia postmasters, on which action was postponed last week.

The PRESIDING OFFICER. Without objection, the nominations on the Executive Calendar, other than the West Virginia nominations, are confirmed en bloc.

That completes the Executive Calendar.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

The Senate resumed legislative session.

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 525) to make the existing appropriations for mileage of Senators and Representatives immediately available for payment, and it was signed by the Vice President.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 22 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, December 7, 1937, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 6 (legislative day of November 16), 1937

POSTMASTERS

PENNSYLVANIA

Orabel Rarick, Barnesville.
Hazel E. Hetrick, Beavertown.
Margaret A. Helfrich, Bruin.
George H. Houck, Cairnbrook.
Marie Kolasa, Clarence.
Leonard E. Devilbiss, Fawn Grove.
Anna Hullihan, Gilberton.
Joseph J. Myers, Irvine.
William Killion, Irvona.
Thomas R. Lawler, Jessup.
Howard E. Bixler, Manchester.
Lottie Tueche, New Eagle.
Frank G. Christopher, Smithton.
Mary E. Cramer, South Connellsville.
Harry H. Howell, Union Dale.
Sadie L. Brunner, Worcester.
Margaret E. Malley, Wyncote.

SOUTH DAKOTA

Henry W. Landwehr, Winfred.

HOUSE OF REPRESENTATIVES

MONDAY, DECEMBER 6, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father, Thou who art most human, yet most divine, Thy mercies are one unbroken succession; to Thee we lift our hearts of praise; let the beauty of the Lord be upon us. We pray that the vision splendid may flash out of the invisible; open Thou the windows of our spirits toward the unseen. Bless, we pray Thee, the President of these United States; return him to our homeland in renewed strength. Grant that the whole body of our citizens may obey its laws, and may peace prevail throughout our borders. Our Father, may we look for the best in others and give them the best we have; may we love the flower and not think of the blight. Thou, who art the God of the whole earth, let the heavens, the earth, and the sons of God unite in pleading for the fleeing, starving, and stricken refugees of war's hell of horrors. In the name of the Prince of Peace. Amen.

The Journal of the proceedings of Friday, December 3, 1937, was read and approved.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent that on Thursday next, after the disposition of matters on the Speaker's table and the regular order of business, I may address the House for 15 minutes on the child-labor provisions of the Senate and House wage-hour bills.

The SPEAKER. The gentleman from Colorado asks unanimous consent that on Thursday next, after the disposition of matters on the Speaker's desk and following the legislative program of the day, he may be permitted to address the House for 15 minutes. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, do I understand correctly that this request is to address the House after the consideration of the farm bill?

Mr. RAYBURN. Yes; it comes after the legislative program of the day, whatever it may be.

Mr. MARTIN of Massachusetts. The gentleman would not have any objection to a similar request if anyone on this side should ask permission to address the House following the gentleman from Colorado?

Mr. RAYBURN. No.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

THE CONSENT CALENDAR

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, this is Consent Calendar day, but as everyone knows, one of the Members who on this side of the House look after the Consent Calendar is ill in a hospital. After consulting with some of the other Members who are looking after this matter, I find they do not themselves desire to proceed today with the call of the Consent Calendar.

I therefore ask unanimous consent, Mr. Speaker, that the calling of the Consent Calendar may be dispensed with for today.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein